



## **U.S. Department of State**

# **FY 2000 Country Commercial Guide: Syria**

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## **I. EXECUTIVE SUMMARY**

This Country Commercial Guide (CCG) presents a comprehensive look at Syria's commercial environment using economic, political, and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

Syria is a country of some 16 million people with a GDP in 1998 of \$12.10 billion (using an average weighted exchange rate of 41.3 Syrian Pounds (SP/USD).)

Major sectors of the Syrian economy, including heavy industry, banking, insurance, and utilities remain firmly in the public sector. Other sectors, including food processing, textiles, pharmaceuticals, and transportation, have slowly been opened to the private sector over the past seven years. Still other sectors, such as retail sales and agricultural production, were never nationalized. Syrian prosperity depends heavily on oil revenues, foreign aid, remittances from Syrian workers abroad, and the vagaries of agricultural production. In the early 90s, rising oil production, record harvests, Gulf War-related aid flows, and government incentives to stimulate private investment spurred annual GDP growth of 7-8%.

More recently, foreign aid has begun to diminish. Both the worldwide recession beginning in 1997 and declining prices for oil and agricultural commodities in 1998 have hurt the Syrian economy. Furthermore, an uncertain Middle East peace process and sporadic tension over Iraq that diminished investor

confidence in the region have also hit Syria. Although growth rates for 1996 were still strong (7.2%), growth rates in 1997 were negative (-4.4%).

Rapid growth is also hindered by numerous restrictive government policies. A cumbersome and complex multiple exchange rate system remains in place, despite incremental efforts over the past 2-3 years to move the most prevalent rate (termed the "neighboring country rate," currently LS 46 = \$1.00) closer in line with the black market or offshore rate (which varies between LS 50-52). Tariffs remain high. Import restrictions are numerous, despite an increase over the past 5-6 years in the number of goods which the private sector can import. Virtually all local industry is protected by bans on imports of similar items. Real interest rates until 1997 had been negative with a consequent negative impact on savings, and a high inheritance tax (abolished in 1998) also limited deposits. Loan processing fees for the private sector effectively rendered real interest cost of loans positive. The private sector has very limited access to capital: bank loans require collateral as well as a third-party sponsor. Thus, most investments are heavily equity-financed. The government began in 1996 to resume debt servicing, after reaching agreements with the World Bank and France, and several smaller creditors in 1997-1998. There is still a large external debt overhang (primarily with Russia and Germany) which limits Syria's access to international capital markets and promised loans from the European Investment Bank (EIB). Although some Western countries have resumed export credit lending in Syria (COFACE, EGCD, SACE), coverage is limited in most cases to short-term lending.

Industrial machinery, oil field, telecommunications, power generation, and medical equipment, and corn remain the most important U.S. exports to Syria. In the near-term, new private sector investments and enabling action by the Syrian government may lead to rapid growth in demand for info technology, food-processing and textile machinery. A new focus on development of Syria's gas reserves may provide opportunities for U.S. investors. Increased tourism also may provide new demand for U.S. products.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact Stat-USA at 1-800-Stat-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.Stat-usa.gov>; <http://www.state.gov/>; and <http://www.mac.doc.gov>. They can also be ordered in hard copy

or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRAD (E) or by fax at (202) 482-4473.

## **II. ECONOMIC TRENDS AND OUTLOOK**

### MAJOR TRENDS AND OUTLOOK

Real GDP growth since 1994 averaged between 4 and 6 percent, reaching 7.2% in 1996. Oil exploration and production, bumper harvests, increased private investment, and large post-Gulf War aid flows (from the Gulf states and Japan) provided the impetus to Syria's growth spurt over this period. 1996 brought record cotton, wheat and citrus harvests, with steady oil production (and relatively solid prices). By 1997, however, the economy began suffering from a downturn in demand. Revenues from tourism, worker remittances, and oil exports were all down, with only a slight increase in non-oil public sector exports, particularly agriculture. Although the government stepped up efforts at fiscal stringency, the economic slowdown also contributed to the marked decrease in inflation, which dropped from 8.9% in 1996 to 2.2% in 1997.

As for 1998, the government has published only trade statistics, but most non-official indications are that income from oil, agriculture, tourism, and remittances continued their downward trend, and that GDP likely fell further (most official statistics will not be released until December 1999). While the balance of payments remained in surplus in 1997, for 1998 we expect the sharp decline in both world oil and commodity prices may produce Syria's first BOP deficit for four years. Indeed, there was a sharp drop-off in exports (27%), from \$3.9 billion in 1997 to \$2.9 billion in 1998, although the IMF noted in an annual report published in 1998 the deficit measured only 2.6% of GDP in 1997. We note, however, that the Syrian budget is not totally transparent, and that budget reconciliation takes several years (parliament voted in May 1999 to reconcile the official 1996 budget). The drop-off in exports, and expected

slack performance on capital and financial accounts, is likely to keep pressure on the budgets for both 1998 and 1999. (As of July 1999, the SARG has released only a total budget figure of \$5.5 billion for 1999, with no explanation or breakdown of accounts, and the document has not even been passed to parliament.) Despite the pressure on the economy, we have seen no signs that the government is accelerating reforms accordingly.

Looking ahead, the prognosis for 2000 remains uncertain. Syria, like other states in the region, is suffering perhaps the worst drought in its post-independence history. Although oil prices have recovered from 1998 lows, the prospect of diminished production looms larger, with some experts predicting that Syria may have to begin importing petroleum in the next 5-6 years, absent significant new discoveries or major investment in enhanced recovery techniques. Exploration activities from exploration contracts signed in 1996 have begun, and will continue throughout 1999. Initial reports are not encouraging.

Aside from this exploration activity (and new bids for enhanced recovery in Syrian Petroleum Company fields in the Northeast area of Syria) the government's ratification in March 1999 of a critical gas recovery and pipeline project (worth approximately \$420 million) in Dayr al-Zur has injected new life into the petroleum sector. The government also seems to have stepped up efforts to interest foreign companies in a multimillion dollar project to further develop Central Syria gas reserves. Award of several key telecom and water/wastewater projects in 1998 will also spur growth, as will expected investments in GSM and internet. Likewise, electricity supplies continue to improve, encouraging industrial productivity (demand is rising 10% annually). At the same time, liquidity problems and the lack of a transparent enabling environment continue to stifle both consumer demand and private investment activity. Continued delays in the Middle East peace process have also undermined investor confidence. Indeed, many in Syria see the worldwide economic slowdown, and uncertainties over the Arab-Israeli peace process strengthening the status quo, rather than as opportunities to diversify the economic base away from oil and agriculture and provide jobs for Syria's fast-growing population.

Intrinsically, the Syrian economy has much to offer investors: favorable geographic location, a population with a 1000-year history of entrepreneurship, adequate natural resources (petroleum and phosphates, and a less critical water deficit



than other states in the region), phenomenal tourist potential, relatively fertile land (20% of Syrian territory is arable), a relatively well-educated and young labor pool (with increasing ability in English), inexpensive raw materials, and a low cost of living.

Moreover, over the past 2-3 years, the government has continued devaluing the currency and initiated bank reforms that expanded access to foreign currency accounts. However, the government still must enact major economic reforms such as unifying exchange rates, amending tariff schedules, decreasing protection for local industry, resolving debt problems, opening the banking and insurance systems to the private sector, simplifying and increasing the transparency of the tax system, increasing public sector wages, undertaking legal reforms (revising inter alia, real estate and labor laws that are disincentives to investors), and eventually taking steps to reopen the Damascus stock exchange if Syria is to compete effectively in world markets.

#### PRINCIPAL GROWTH SECTORS

Should the Syrian government act on economic reform, several sectors would show new growth: banking/insurance/finance, tourism, cotton spinning and weaving, advertising; textile manufacturing; food processing, cement and steel production, refineries; agricultural and irrigation equipment; fertilizer production; ready-made clothing; water/wastewater projects; telecommunications; and oil and gas; with perhaps even some investments in the petrochemical industry.

The banking sector, totally controlled by the government, is very primitive. It provides services mainly to public sector organizations. Private sector access to loans and banking facilities is very limited and the insurance industry is not well developed. Growth in financial services could be dramatic if the government decides to liberalize. Syrian agriculture, highly productive, will continue to provide inexpensive raw materials to nascent agricultural industries. Although the Ministry of Irrigation has implemented many key projects to improve irrigation acreage, the limited income and access to credit of the average farmer is a major obstacle to the introduction of needed new systems such as drip, sprinkler and subsurface irrigation. Only if the government finances or subsidizes such projects will demand be high. In addition, high growth potential exists for the fertilizer, insecticide, and chemical manufacturing industries.

Blessed by a rich cultural heritage and a Mediterranean coastline, Syria possesses considerable potential for tourism. Investments in this sector will certainly pick up if there is new movement on the peace process in the latter part of 1999. With the apparent decision in 1999 to open up Syria to cellular phone and Internet service, there is large potential for further development of the telecommunications sector, which heretofore has been dominated by European companies. There is also promising potential in the services sector, as Syrians become increasingly aware of the need for developing corporate management skills and technical training. If there is some relaxation in Syrian investment laws (often rumored but slow in coming), the transportation sector will need to expand to meet increased industrial production.

#### GOVERNMENT ROLE IN THE ECONOMY

Up until the late 1980's, the government pursued policies aimed at expanding the public sector, virtually shutting the private sector out, except for retail trade and agricultural production. All major industry, including banking and insurance sectors, was nationalized in the 1960s. Arab aid from the "boom years" of the 1970s was used to expand the state's industrial base with the creation of hundreds of public enterprises. Beginning in 1989, the government started to implement some economic reforms. It passed a new investment law in May 1991 (Investment Law #10), and has gradually expanded the list of goods that the private sector may produce or import, in some cases (especially textiles and pharmaceuticals) competing with government. The government continues to control all "strategic" sectors such as oil production/refineries, ports, telecommunications, airlines, power generation/distribution, water bottling, banking and chemicals. There is no private sector production of passenger vehicles, and imports by the private sector are very limited.

#### BALANCE OF PAYMENTS SITUATION

According to sources at the Central Bank of Syria, the 1997 current account balance, which includes goods and services, income, and transfers, reached \$564 million. The capital and financial account amounted to \$83 million. The overall balance of payments was \$461 million.

#### INFRASTRUCTURE

Syria has a fairly good road network connecting major cities (Damascus, Aleppo, Latakia, Dayr al-Zur) and neighboring

countries, and recently received Gulf funding to upgrade the road link between Latakia and Aleppo. The railroad system is adequate, although the rolling stock is now dated. (It is used mainly to ship commodities such as grains and rock phosphate in bulk). Contracts signed in 1997 to import new locomotives/engines remain unexecuted, and discussions over the past two years to procure new railcars have not progressed. Discussions with Turkey in mid-1999 showed renewed interest in rehabilitating the Hijaz Railway between the two countries, but this will require as-yet unidentified financing.

There are three international airports in Syria: Damascus, Latakia, and Aleppo, with a new passenger terminal in Aleppo opened in June 1999. A contract to install new air traffic control systems at all three airports has been pending for several years. In late 1998, Syrianair (Syria's flag carrier) began taking delivery of an order of 6 A-320 Airbus aircraft to revamp its inventory. The country's two commercial ports at Latakia and Tartus require upgrades of equipment and dredging for expansion, perhaps with Japanese aid (feasibility studies are already underway). There has also been talk of construction of a third port for hazardous cargoes south of Tartus, but this project is still at the conceptual stage. In 1998 and 1999, the Ministry of Transport reduced transit fees in an effort to make them more competitive with neighboring ports such as Beirut, but most shippers still find them a disincentive, and efforts to attract goods for transshipment to Iraq (after Syria was declared in 1997 an authorized point of entry for U.N. approved goods) have met with only limited success.

Over the past ten years, Syria has made great strides in developing its telecommunications sector. In June 1998 the Syrian Telecommunications Establishment (STE) awarded an approximately \$110 million contract to Ericsson (Sweden) to complete the last of several awards that are designed by the year 2004 to increase the number of fixed lines by 1 million (to a total of 1.65 million, which will give Syria one of the region's highest telephone penetration rates.) Other elements of the project (a 250,000 line switching system, providing digital microwave links in the cities, installing inter-city fiber optic cross connects links (SDH), billing centers, etc.) were awarded to Ericsson, Siemens, Bosch, and Samsung. By May 1999 it appears that the government had decided to further develop the telecommunications sector, and tenders for GSM service (both equipment and operations, the latter in a joint venture with STE) and Internet were announced. Internet is now available on a very limited scale to government entities, (or

via illegal and expensive connections through neighboring countries), but cellular service is not available. Siemens, Ericsson, and Investcom (Lebanese) have apparently agreed to provide a trial GSM system (with a very limited number of subscribers) for a one-year period, during which STE will issue and perhaps award contracts for universal service. Satellite phone service is still prohibited, although STE has been in discussion with several regional and global satellite providers.

In recent years, Syria's power generation capacity has been upgraded to meet demand, with installed generating capacity now 6500 megawatts. Problems in power distribution still lead to frequent power outages of short duration in the larger cities, particularly in summer. Electrification in rural areas has been very successful, with 97% of the population served through the national grid.

The municipal water supply in Damascus and Aleppo is usually adequate, and the coastal area (whose major city is Latakia) in most years boasts water in excess of demand. Likewise, water supply in the oil producing areas (eastern Syria) in most years relies on adequate supplies from the area's rivers (Euphrates and Khabur basins). Because much of Damascus city water comes from the Fije spring, whose flow is reduced June-December in most years, the city water supply is cut each evening for several hours during those months to encourage conservation. In 1999, due to a severe drought, the rationing is expected to extend up to 10 hours daily in summer in most areas of the country. Both Aleppo and Damascus municipalities are working to upgrade city water pipes to reduce water loss, and to install meters in residential areas to better monitor consumption.

### **III. POLITICAL ENVIRONMENT**

#### NATURE OF POLITICAL RELATIONSHIP WITH THE UNITED STATES

Syria, a country that plays an important regional role, has a dichotomous relationship with the United States. On the one hand, Syria and the U.S. are intensely engaged at a high level in the Middle East peace process that began with the Madrid Conference in October 1991. On the other hand, Syria is one of seven countries included on the U.S. State Department's list of state sponsors of terrorism, and thus is subject to several bilateral economic sanctions. Although it has released several thousand political prisoners over the past few years and has lifted restrictions on the foreign travel of Syrian Jews, the protection of human rights continues to be a matter of concern in U.S.-Syrian relations. The USG continues to press the Syrian government to guarantee its citizens fundamental human rights. The U.S. also remains concerned about possible Syrian acquisition of weapons of mass destruction.

#### MAJOR POLITICAL ISSUES AFFECTING BUSINESS CLIMATE

Syrian citizens (both expatriates and citizens) are estimated to hold billions of dollars outside the country (with some estimates as high as \$60 billion). In recent years, thanks to a series of economic reforms, some capital has been repatriated to establish businesses and industries. However, investor concerns about long-term political stability and a very complex regulatory environment still prevents rapid return of a large portion of that capital. These concerns affect the business calculations of foreigners even more strongly. U.S. firms looking at business or investment opportunities must also consider a range of U.S. export controls, a lack of guaranteed trade financing, and additional tax implications that stem from

Syria's presence on the U.S. list of state sponsors of terrorism.

Additionally, Syria's continued adherence to the Arab League boycott of Israel conflicts with U.S. anti-boycott legislation, complicating the conclusion of sales to the government, foreign trademark registration, even shipping. Given the widespread use of commercial agents in Syria, U.S. businesses must be extremely attentive to the requirements of the U.S. Foreign Corrupt Practices Act.

#### POLITICAL SYSTEM, SCHEDULE FOR ELECTIONS, AND ORIENTATION OF MAJOR POLITICAL PARTIES

Although Syria boasts some institutions of democratic government, such as a parliament and municipal authorities, President Hafiz al-Asad wields almost absolute authority. Key decisions regarding foreign policy, national security, international politics, and the economy are made by President Asad with counsel from his ministers, high ranking members of the ruling Ba'th party, and a number of security/military advisers. In the parliament, or People's Assembly, a limited number of legal political parties participate in a ruling coalition with the Ba'th party, known collectively as the National Progressive Front. Despite the appearance of a multiparty system, the Ba'th party is constitutionally guaranteed a majority in Parliament and primacy in state institutions. The other political parties exist primarily to voice approval for Ba'th party policies and in no way constitute political opposition. The People's Assembly itself does not initiate or overturn legislation; it votes on and rarely modifies laws proposed by the executive branch.

Elections for the presidency are held every seven years. Since he took power in 1970, President Asad has been the only presidential candidate. In March 1999, President Asad began his fifth 7-year term in office, after having received over 99% of the votes cast. Elections for the 250-member Parliament are held every four years; the last election was in November 1998. Since 1980, the government has allowed 80 seats in the Parliament to be held by independent (no political affiliation) candidates; the remainder of seats (approximately 65%) are guaranteed for the Ba'th-party-dominated National Progressive Front. Many of the independent seats are held by businessmen.

The security services play a very powerful role which extends well beyond strictly security matters. A state of emergency law has been in place almost continuously since 1963, and grants broad powers to the numerous security services. The government justifies martial law because of the state of war with Israel and past threats from terrorist groups. The numerous branches of the security services operate independently of each other and outside the legal system. Their members often ignore the rights of suspects and detainees and commit serious human rights violations. Special economic courts adjudicate cases of smuggling, illegal possession of foreign currency, and other economic crimes, but in an often arbitrary fashion.

#### **IV. MARKETING U.S. PRODUCTS AND SERVICES**

##### DISTRIBUTION AND SALES CHANNELS

With a high population growth rate of 3.3% and an energetic private sector, Syrian markets are expanding rapidly. Agents/distributors representing international firms who previously serviced their clientele throughout the country from central offices now need to find new channels of distribution. Many U.S. companies sell products via European distributors, resulting in high prices for the Syrian market.

##### USE OF AGENTS/DISTRIBUTORS; FINDING A PARTNER

Foreign firms doing business with the Syrian public sector must have a local address (domicile), but national law does not require foreign firms to have an agent or distributor. If they do, the law requires that a certain agency agreement format, prepared by the Ministry of Economy, be filled out, signed and legalized by the Syrian Embassy in Washington, D.C. For one-off deals, smaller Syrian businesses often order directly from U.S. firms without seeking to establish an agent/distributor relationship.

To develop a long-term presence in the market, it is advisable to engage an agent/distributor who can actively promote the product, follow leads, respond quickly to government tenders, and offer customer service. When a company has decided to enter the Syrian market, and wishes to obtain information on how to do business in Syria, the U.S. Embassy in Damascus strongly recommends that it contact the nearest District Office of the U.S. Department of Commerce. These district offices offer a number of programs to assist American exporters in finding business partners in Syria. Some of the programs offered are:

the A/DS (Agent/Distributor Service), which provides American exporters with a list of potential candidate agents chosen by the Embassy to help the U.S. company market its products and/or services in Syria, and the ICP (International Company Profile), which provides background information on individual businesses in Syria.

According to Syrian government regulations, public establishments and companies do not accept offers presented through non-registered agents. However, for tax purposes, many Syrian businessmen avoid registering their agency agreements, and ask that agency agreements not be disclosed to the government. If, at any stage during the execution period of the contract, the government discovers the existence of such an agreement, the agent's commission will be deducted from the contract value. The government will then pay the agent his commission at an exchange rate of 46 SP/USD. Moreover, the agent is required to pay income taxes on the collected income, further reducing his commission.

#### FRANCHISING

Syrian regulations have made foreign franchising difficult, if not impossible. There is at present only one American fast-food franchise in Syria. Registering a franchise is difficult because the local Intellectual Property Protection Office requires international franchise owners to provide, among other things, "Israel boycott language" not permissible under U.S. Anti-Boycott law. Furthermore, repatriation of funds is still a major problem as local banks do not accommodate exchange of local currency into U.S. dollars for repatriation of funds. Most foreign franchisers also find that, in order to operate effectively, they must establish their enterprise as a five-star tourist enterprise to bypass restrictive import laws.

Unfortunately this process has proven extremely lengthy and in most cases, involves additional expenses to meet the higher standard. The investors in one franchise outlet in 1998 encountered substantial difficulties with government authorities invoking little-known (and not universally enforced) regulations prohibiting the use of foreign names in business establishments.

#### DIRECT MARKETING

At present, direct marketing does not exist in Syria. The Syrian government forbids the importation of many consumer items, such as toys, finished clothing, processed foods, most



types of footwear, cosmetics, and pharmaceuticals that are locally produced.

#### JOINT VENTURES/LICENSING

There are few joint ventures between Syrian and foreign firms. The largest are in the government-controlled oil sector. They are the Al-Furat Petroleum Company (a joint venture between the government-owned Syrian Petroleum Company, Royal Dutch Shell, Pecten, and Deminex) and the Dayr al-Zur Petroleum Company (Syrian Petroleum Company and Elf Aquitaine). Mobil Oil has invested in a small joint venture lube oil blending facility while Nestle has invested in a food processing facility, and Samsung is manufacturing telephone switchboard equipment in a joint venture with the public sector electronics manufacturing company Syrionics.

In the pharmaceutical sector, many leading U.S. firms have licensed products for Syrian production, as have two cosmetics/health care manufacturers, and several soft drink, fruit juice, fertilizer and pesticide producers. The profitability of most licensing and joint venture projects is based on high tariff protection. (See Section VI).

#### STEPS TO ESTABLISHING AN OFFICE

To open up a branch office in Syria, an application, accompanied by the following documents, must be filed at the Ministry of Economy and Foreign Trade:

1. Document(s) of incorporation, registration of sole proprietorship, or a contract forming a partnership from the company's home country.
2. Document(s) outlining the firm's internal regulations.
3. Financial statement(s) that demonstrate the company's capital without reserves.
4. Document(s) to verify commercial registration.
5. Declaration from the foreign company that it is not shared or owned by any government or joint-venture (requests to open up a branch office for a government company will be forwarded to the Prime Ministry for approval).
6. Document(s) announcing the company's management decision to open a branch office in Syria, along with a declaration that this branch will be directly affiliated with the company's headquarters.

7. Power of attorney for the manager of the Syrian branch giving him all managerial, financial, and technical authority in Syria. The manager can be of any nationality.
8. Company trade balance sheets.

These documents must be certified by the following organizations:

1. The chamber of commerce in the company's national country.
2. The Ministry of Foreign Affairs of the company's country of nationality.
3. The Syrian Embassy in that country.
4. The Syrian Ministry of Foreign Affairs.

All documents must be translated into Arabic by a sworn translator.

#### SELLING FACTORS/TECHNIQUES

For marketing purposes, Syria is best divided into two zones, Damascus and Aleppo. Approximately four million of Syria's 15 million people live in the vicinity of Damascus. As the center of government activity, Damascus is the major contact point for selling to the public sector. In addition, a significant portion of private sector trading and industrial activity is located in the capital.

Aleppo, Syria's second largest city, with a population of over three million, is becoming Syria's main center for private sector industrial development, especially textiles, food processing, pharmaceuticals, glass, and metal production. According to the Aleppo Chamber of Industry, the city boasts over 38,000 industrial firms, over half of which are textile companies (two-thirds of Syria's textile industries are located in Aleppo). The secondary cities of Hama, Homs, Latakia, Tartus, and Dayr al-Zur also offer marketing opportunities. Many Syrian traders are experienced international businessmen. Government bureaucrats, who are somewhat less experienced with global business practices, often prove among the toughest negotiators. Many businessmen are multilingual (Arabic/English/French), while many government officials speak only Arabic.

Negotiations for a sale, whether with a government agency or a private individual, will be extremely protracted and are often exasperating to Western companies. Offering one's best price at the beginning, therefore, is ill-advised.

Government agencies follow a practice called "price-breaking." After tender envelopes are opened, bidders are invited to participate in a meeting in which the purchasing agency requests that each bidder revise his price. Such meetings can become an open auction, and sometimes the company with the lowest original bid does not win the contract. It is fairly common that bidders are able, through agents and other contacts, to gain access to proprietary information about competing bids.

#### ADVERTISING AND TRADE PROMOTION

With the expansion of product availability following the government's relaxation of import restrictions on many consumer goods over the past several years, the Syrian retail market is becoming increasingly competitive. Although still very limited, television and newspaper advertising has become more widespread. Responding to this increase in demand, some private advertising/public relations firms have opened. Employing desktop publishing techniques, they have considerably raised the quality of advertising standards, although the sector is still in its infancy for a market this size. Government-controlled newspapers charge foreigners steep rates, demanding about \$1,900 for a 1/4-page newspaper ad, while the base rate for a 30-second TV spot ranges from \$400 to \$750 plus a 15-60 percent tax and mark-up.

For advertising purposes, the following government-owned local newspapers are available throughout Syria:

**TISHRIN:** Kornishe al-Midan, P.O. Box 5452, Damascus, Syria; fax: (963-11)223-1374, 224-6860; phone: 224-7359, 224-7049, 2131100/1/2.

**AL-THAWRA:** Kaffar-Souseh Square, P.O. Box 2448, Damascus, Syria; fax: (963-11)221-6851, 2232018, 2224335; phone: 963-11-221-0850, 222-2399, 221-0850, 222-2911, 222-4369, 221-5645, 221-2436.

**AL-BAATH:** Mazzeah Street, P.O. Box 9389, Damascus, Syria; fax: (963-11)662-2099, 662-2140; phone: 661-7674, 661-8937, 662-2143, 661-7616, 661-7678.

**SYRIA TIMES:** (an English language daily newspaper targeted at the Western audience), Midan Street, P.O. Box 5452, Damascus, Syria; fax: 963-11-223-1374; phone: 224-7359, 224-7049, 889-6902/3/4.

**GOLAN:** (the daily bulletin of official tenders), P.O. Box 2842, Damascus, Syria; fax: (963-11)222-0754; phone: 222-5219.

Recently, a private advertising firm, AL-DALIL, began operation of offering advertising services at a considerably lower rate of about \$300 only. They can be reached as follows:

**AL-DALIL:** Mazzeh Highway, behind the Saudi Consulate, P.O. Box 5014, Damascus, Syria; fax: (963-11)611-6240; phones: 611-6350, 611-6250, 611-6110.

In 1998/99, local promoters held a number of new trade shows in both Damascus and Aleppo. U.S. firms have participated successfully in a number of these shows. Specialized trade shows provided opportunities for market development in computers, medical equipment, industrial goods, tourism, textiles, agricultural and food-processing products and equipment, and construction equipment (see Appendix G). The Syrian government also hosts an annual International Fair of Damascus in August/September and a Book Fair in September.

Since 1997, the privately sponsored SIFA fair has emerged as a significant general trade show in Syria. Under new management and renamed SIMA (Syrian Industrial Marketing Fair) in 1999, the event proved an attractive showcase for many local and foreign companies, as well as foreign embassies/commercial services (including the U.S.) In August 1998, the Syrian government organized a successful trade show for the petroleum industry, the first of its kind in Syria. The event drew many U.S. companies, particularly oilfield service companies, and is likely to be held again in the year 2000. In October 1998, a Syrian exhibition company, in cooperation with the Canadian Embassy, held a 4-day fair called "Intertech 1998." A follow-on fair "Intertech 1999", is scheduled for September 27 - October 1, 1999. A list of Syrian trade events and trade show promoters can be found in Appendix G. The Embassy actively promotes Syrian participation in U.S. trade shows, and there is growing interest among the Syrian private sector in these events.

#### PRICING PRODUCT

Syrian consumers are very price conscious. U.S. firms considering the Syrian market are advised to review every component in the pricing process. Syrian importers interested in buying U.S. products often complain about the high cost of transporting products from the U.S. to Syria relative to

transportation costs from Europe.

#### SALES SERVICE/CUSTOMER SUPPORT

In a country where technical skills are scarce, companies offering responsive, reliable, and competent customer service establish strong reputations which help increase their sales. Hiring a Syrian agent/distributor and/or training customer support staff in the U.S. also provides greater product credibility.

#### SELLING TO THE GOVERNMENT

Government organizations procure goods and services through complex tendering procedures outlined in Decrees Number 195 (1974) and Number 349 (1980) which can be obtained from the Syrian Ministry of Economy, or it can be requested from the American Embassy in Damascus, Economic/Commercial Section. The buyer must solicit bids by announcing his requirements through the "Daily Bulletin of Official Tenders." (Note: Announcement of tenders with deadlines of less than 45 days is not uncommon). Offers accompanied by a bid bond ranging between 1-5% of the offer value may be submitted either directly by the foreign company, or through the company's registered Syrian agent. Before a Letter of Credit (L/C) is opened, the supplier must submit a 10% performance bond. The Commercial Bank of Syria requires that all bonds (bank guarantees) be issued according to the "Syrian official text." Since 1987, most government tenders have included a clause allowing the bidder to cancel his offer at six-month intervals if a letter of credit is not issued, provided a written notice is rendered in a timely manner. Furthermore, the same regulations allow proportional payment of performance bonds. Nevertheless, it is extremely common for foreign companies to face difficulties in obtaining prompt and complete return of their performance bonds. In recent years, several companies have either taken their cases to arbitration or have abandoned the market because of unsuccessful attempts to recoup this deposit.

Given these obstacles, few U.S. firms have competed successfully in public tenders outside the oil/gas industry in recent years. Therefore, U.S. firms interested in Syrian public tenders need a clear understanding of the regulations, the bid evaluation process, and oftentimes, a capable and well-connected "agent."

The Embassy commercial section publishes a document with further guidance on bidding on public sector tenders.

Note: The Embassy has a long-established policy of not permitting the use of its address, or the addresses of commercial officers as a local address (domicile) for U.S. companies bidding for Syrian public tenders. We recommend engaging the services of a local attorney for this purpose.

#### PROTECTING YOUR PRODUCT FROM IPR INFRINGEMENT

Syria's legal system recognizes and facilitates the transfer of property rights, including intellectual property rights. The Syrian government has raided shops known to pirate computer software. In April 1995, the Syrian government announced its intention, in principle, to join the Paris Union for the International Protection of Industrial Property. The government also stated that it is considering accession to the 1967 Stockholm Intellectual Property Rights Agreement. Neither of these actions has been implemented, however, as of 1999.

The regulation and enforcement of intellectual property rights falls under the purview of the Office of Property Protection of the Ministry of Supply and Internal Trade. However, enforcement is inconsistent, requiring companies themselves to monitor the Syrian market for possible infringements. Early in 1995, a large U.S. firm detected a violation of one of its trademarks in Syria. Having registered its trademark previously, the U.S. firm filed suit in Syrian court against the responsible firm. The Damascus Chamber of Commerce successfully mediated a satisfactory settlement. Had the case gone to court, it likely would have received a fair hearing, but any financial award would have been in Syrian pounds, as yet an unconvertible currency. Requests for payment in foreign exchange would probably be delayed indefinitely. We are aware that one textile exporter manufacturing under license from a German company successfully pursued a legal claim against a competitor who was unlawfully producing under the same label.

Because the market is still relatively new to U.S. companies and still limited in size, there have not been significant complaints by U.S. industry. We note that several products/franchises, either through name association or packaging ("Master Cola," bottled and labeled like Coca-Cola, "Of" bug spray, "Pizza Hot," and "Adidas" sportswear, to name a few) appear to be obvious IPR infringements. Some U.S. franchise names have been copied. Most of the software

available locally is pirated, although the pirating occurs mainly in neighboring countries. Likewise, pirated fashion/footwear/accessories, perfumes, cigarettes, videos/cassettes/CD's are also widely available. While some of it is imported illegally, increasing industrial capacity increases the scope for IPR infringements, and implies a need for stepped-up government enforcement of existing laws. At this point, however, government oversight and technical competence on IPR appears to be weak.

#### NEED FOR A LOCAL ATTORNEY

Because Syrian law and the Arabic language pose significant obstacles to U.S. businesses, hiring a local attorney is a sensible and often necessary action.

Area covered by list: this report covers Damascus, the capital of Syria, and the cities of Aleppo, Homs, Hama, and Latakia. Correspondence: DHL, Skypak, and TNT all service Syria. Regular airmail takes approximately 2 weeks.

Specialties: while an attempt has been made in the following list to point out the particular branches of legal work which each attorney generally handles, it should be noted that most attorneys practicing in this country accept all types of cases.

Collection Agencies: there are no firms or individuals operating as collection agencies in Syria; however, most of the attorneys handle collection cases.

Waiver of Responsibility: the American Embassy in Damascus assumes no responsibility for the professional ability or integrity of the persons or firms whose names appear in the following list. Nevertheless, care and selectivity have been exercised in its preparation. The order in which they appear is alphabetical and has no other significance.

**List of Attorneys in Syria  
(as of June 1999)**

**Damascus :**

Mohammed ABDIN: Port Said Street, Awkaf building, No. 6, tel: 221-4798, 333-5285. Citizen of the SAR. Born in Damascus 1925. Graduate of Damascus Law School 1950. Practicing since 1950. Specializes in criminal, civil, banking, commercial CASES, and international arbitration. Former Minister of Social Affairs and Labor 1962. Legal counselor for the Commercial Bank of Syria since 1985. Languages: Arabic, English, and French.

Souheil ABOU RASS: Baghdad Street, Azbakiyeh, next to Awad Gas Station, Building No. 2, 3rd floor, tel: 221-1110, 231-6736, 231-2669. Dual national (Syrian/American citizen). Born in Damascus 1946. Graduate of Damascus Law School 1972. No specialization. Handles all cases. Languages: Arabic and English.

Ousama MOU'AYAD AL-AZEM: Nasr Street, Awkaf building, tel: 222-7633, 222-1684, 371-3608; Fax: 331-6282. Citizen of the SAR. Born in Damascus 1936. Graduate of Damascus Law School 1965. Practicing since 1965. No specialization. Handles all cases. Languages: Arabic and English.

Mazhar ANBARI: Sanjakdar Street, Dessouki building, tel: 221-7017, 333-7017; Fax: 332-1695. Citizen of the SAR. Born in Damascus 1923. Graduate of Damascus Law School 1948. Practicing since 1948. Specializes in criminal and civil cases,



insurance, and international arbitration. Former Minister of Justice 1963. Former Vice-President of the Parliament 1965-1966. Former President of the Syrian Bar Association 1972-1974. Languages: Arabic, English, and French.

Farid ARSLANIAN: Balkis Street, tel: 221-8321, 222-0821, 222-7571, 333-1676. Citizen of the SAR. Born in Turkey 1915. Graduate of Damascus Law School 1939. Specializes in criminal, civil, and insurance cases. Secretary General of the Committee of Damascus Bar Association 1958-1959. Controller 1960-1971. Elected Deputy in the Syrian Parliament 1947. Legal consultant since 1964 for the United Nations Relief and Works Agency in the SAR. Languages: Arabic, French, English, Armenian, and Turkish.

Nazmi DERAHAN: Marjeh, Kabbani building, tel: 444-5299, 333-0626; Fax: 444-5299. Citizen of the SAR. Born in Damascus 1939. Graduate of Damascus Law School 1963. Practicing since 1966. Specializes in civil, commercial, and real estate cases. Languages: Arabic and English.

Jacques HAKIM: Victoria Bridge, Mardam building, P.O. Box 5788; tel: 222-3577, 371-0554; Fax: 224-4370. Citizen of the SAR. Born in Damascus in 1931. Doctor of Law (France), graduate in economics (Economics Institute, Univ. of Colorado). Agregé from the French Faculties of Law. Professor, Head of the Commercial Law Department, Damascus University. Practicing since 1952. Specializes in commercial and finance cases along with international arbitration. Languages: Arabic, English, and French.

Hazem JAZZAR: Salhie Street, Cinema Amir's building, P.O. Box 11089; tel: 232-3007, 331-7397; Fax: 222-5286. Citizen of the SAR. Born in Damascus in 1948. Graduate of Damascus Law School 1971. Has practiced law since 1971. Specializes in commercial and criminal cases. Languages: Arabic and English.

Zuhayr al-KHANI: Hijaz, Sadalla jabri Street, across from the Central Post Office, Qudsi Building, 2nd floor, tel: 222-2275, fax: 3327709. Citizen of the SAR. Born in Damascus in 1927. Graduate of Damascus University Law School 1951. Former Minister of Economy and Foreign Trade 1969. Specializes in real estate, commercial cases and international arbitration. Languages: Arabic, French, and English.

Robert MULKI: 61 Hussein Street, Abou Roumaneh, P.O. Box 446; tel: 333-3974. Citizen of the SAR. Born in Alexandria, Egypt 1924. LL Diploma (with honours) 1945 and 1949. Admitted to Syrian Bar (Master in Law). Official Syrian delegate to International Lawyers Conferences since 1958. Council member of the International Bar Association (I.B.A.). Specializes in civil, business, and international trade matters. Languages: Arabic, English, and French.

Samer Thomas NOFAL: Mazra'a, Al-Akhdar Al-Arabi Street, P.O. Box 34274; tel: 444-9694, 332-4252; Fax: 442-0781. Dual national (Syrian/German citizen). Born in Damascus 1960. Doctor of Law from the University of Saarbrucken, Germany. Practicing since 1989. Specializes in civil, commercial, real estate, and international cases. Languages: Arabic, German, English, and French.

Mamdouh RAHABY: Salhie, Dentists' Syndicate Building, 3rd floor, tel: 2221428 (office), 3332905 (home). Citizen of the SAR. Born in Damascus in 1932. Graduate of Damascus Law School 1966. Specializes in civil, real estate, and commercial cases. Languages: Arabic and English.

Souheil SARKIS: 7 Fountain Square, Adel Sharaf building, 2nd floor, tel: 231-8240, 444- 5978; Fax: 231-9975. Citizen of the SAR. Born in Damascus in 1934. Graduate of Damascus Law School 1960. Has practiced law since 1961. Specializes in civil and commercial cases. Languages: Arabic, English, and French.

Mohammed AZIZ SHUKRI: 21 Farabi Street, behind Al-Razi Hospital, Mazzeh, tel: 613-1620, 611-1393; Fax: 611-6503. Citizen of the SAR. Born in Damascus 1937. Dean, School of Law, Damascus University. Professor of International Law and Relations. Doctor Juridical Sciences, Columbia University of New York, N.Y., in 1965. Attorney and Counselor of law since 1968 with specialty in legal drafting in both Arabic and English, transnational transactions, arbitration, internal and international, administrative and comparative law cases, international contracts, and geopolitical consultations. Languages: Arabic and English.

Mamoun TABBA: Seven Fountains Square, Pakistan Street, Building # 154, P.O. Box 5507, tel: 222-7504, 442-4124; fax: 441-3165, Citizen of the SAR. Born in Damascus in 1938. Graduate of Damascus University Law School. specializes in petroleum contracts of foreign firms. Languages: Arabic and English.

Sami WARDEH: Marjeh, Kabbani building, P.O. Box 10355, tel: 221-1767, 311-4892; Fax: 312-3078. Citizen of the SAR. Born in Damascus in 1942. Graduate of Damascus Law School 1965. Has practiced law since 1965. Specializes in commercial and real estate cases. Languages: Arabic, French and English.

#### **Aleppo:**

Ghada BISMARJI: Kostaki Homsî Street, Azizieh, P.O. Box 33; tel: (021)- 2219428. Citizen of the SAR, graduate of Damascus Law School in 1962. Practicing since 1962. Sworn translator English-Arabic, and vice-versa. No specialization. Handles all cases. Languages: English, Arabic, French, and some Armenian.

Ihsan KAYALI: Shahba Taawon Street, P.O. Box 16377; tel/fax: (021)-664991, 668404. Citizen of the SAR. Born in Aleppo in 1925. Graduate of Damascus Law School in 1949. Handles all cases with specialization in commercial and insurance cases. Languages: Arabic, English, and French.

#### **Homs :**

Mouhammad Mounir AMOUDI: Hashem Atassi Street, Plaza building, P.O. Box 362; tel/fax: (031)-223115, 422683. Citizen of the SAR. Born in 1928. Graduate of Damascus Law School 1949. Practicing since 1949. Specializes in criminal, civil, banking, and insurance cases. Languages: Arabic, French, and English.

Antoun TRABULSI: Abou Al-Alaa Al-Ma'ari Street, tel: (031)-224406, 225286, 224655 (home). Citizen of the SAR. Born in 1919. Graduate of Damascus Law School 1940. Practicing since 1940. Lawyer of the Muhafaza and the Municipality of Homs. Head of Homs Bar Association. General practice. Languages: Arabic and French.

#### **Hama :**

Fathallah ALLOUSH: Al-Alamein Street, tel: (033)-223206. Citizen of the SAR. Born in Hama in 1932. Graduate of Damascus Law School in 1955. Practicing since 1955. Specializes in civil, banking, and criminal cases. Languages: Arabic and French.

#### **Latakia:**

Hassan MAKHLOUF: P.O. Box 1025; tel: (041)-478055, 469447, 426089, 417646; Fax: 463125. Citizen of the SAR. Born in 1931. Graduate of Damascus Law School 1960. Practicing since 1960. No specialization. Handles all cases. Languages: Arabic, French, and English.

Nazih ABDALLAH: Al-Mutanabi Street, tel: (041)-473777, 419175; Fax: 474700. Citizen of the SAR. Born in 1939. Graduate of Damascus Law School 1963. Practicing since 1964. Specializes in criminal, civil, and commercial cases. Languages: Arabic, French, and some English.

#### Due Diligence/Bona Fides of Banks/Agents/Customers

There are no agencies in Syria that can perform due diligence or provide bona fides services on banks, agents, and customers. However, The Embassy's Economic/Commercial Section can assist in obtaining some useful information under the various programs offered by the U.S. Department of Commerce such as the International Company Profile requests (ICP).

## **V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT**

### BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES

1. Oil and Gas Exploration Equipment, Piping, and Supplies (OGM, OGS): The Al-Furat Petroleum Company, which produces 360,000 bpd of crude oil, plans to invest several hundred million dollars in oil and gas infrastructure during the next five years. In addition, the Dayr al-Zur Petroleum company produces 60,000 bpd. They will continue their own development and infrastructure investment program. A \$420 million gas recovery project (gas injection, gathering, and a pipeline) for fields in Dayr al-Zur was finalized in March 1999 with Conoco of the U.S. and Elf Aquitaine of France. The Syrian Petroleum Company, which produces 160,000 bpd, is looking for foreign investors to help boost recovery rates for heavy crude fields in northeast Syria. Mol of Hungary, Elf, and Shell Petroleum signed new exploration agreements in 1997. Seismic works have been completed, and exploration drilling commenced in early 1998. Ina Nafta Plin of Croatia signed an exploration contract in the Palmyra area in June 1998, with seismic works expected in the next several months. Several new pipeline projects have been tendered in 1999.

	1997	1998	1999
	----	----	----
Total market size (\$ million)	200	150	250
Total local production (\$ million)	0	0	0
Total exports (\$ million)	0	0	0
Total imports (\$ million)	200	150	250
Total imports from U.S. (\$ million)	25	40	100

The above statistics are unofficial estimates.

2. Telecommunications (TEL, TES): By mid-1999, the Syrian Telecommunications Establishment (STE) had awarded most contracts to complete planned expansion of its telephone system by an additional 1.65 million telephone lines. Sweden's Ericsson will supply and supervise the installation of one million lines, Siemens of Germany was awarded the 400,000 expansion switches, and a Syrian-Korean joint venture company (Samsung) will locally manufacture and install the last 250,000 rural switches. Ericsson will execute inter-city fiber optic links, while both Bosch (for the microwave component) and Samsung (for the fiber optic component) will conduct the supply and supervision for the installation of the links between rural centers. Ericsson will supply computer equipment for three new billing centers. STE also is expected to announce a tender for a GSM cellular telephone network in the first half of 2000, and has announced plans to introduce a pilot GSM project in Syria's three largest cities with demo equipment provided by Siemens, Ericsson, and the Lebanese Investcom. Although Internet in Syria (via STE servers) is still limited to government and public sector agencies, STE has apparently received permission to implement universal Internet access, and is expected to issue tenders for routers and peripherals in July 1999. Recently, the Syrian government permitted the private sector to provide Internet services in Syria (ISPs). There is expected to be strong demand for both cell phone service and Internet. STE has announced several tenders recently including a tender for the modernization of the Syrian public switched data network, VHF radio paging system, and GIS. Deadlines for submitting offers is August 1999. Finally, STE is currently evaluating technical offers for the Wireless Local Loop (WLL) project.

	1997	1998	1999
	----	----	----
Total market size (\$ million)	100	150	150
Total local production (\$ million)	0	1	2
Total exports (\$ million)	0	0	0
Total imports (\$ million)	100	149	148
Total imports from U.S. (\$ million)	10	20	15

The above statistics are unofficial estimates.

3. Electricity (ELP): The Public Establishment for Power Generation and Transportation (PEEGT) has ambitious plans for the coming years. The most important development in the power sector is a regional project to create an electricity grid

between Syria, Lebanon, Jordan, Egypt, Iraq, and Turkey. To achieve the grid link-up, PEEGT awarded in 1996 the tender for the connection with Jordan to the Indian "K.E.C." company on a turnkey basis, while the tender for the related 400/230 KV substations was awarded to Siemens of Germany. The tender for the connection with Turkey was awarded to Galkon of Turkey. In addition, current plans call for the conversion of Syria's existing gas power plants, namely Nasriyeh, Tishrin, Zeizun, Sweidiyeh, and Tayyem, from simple cycle to combined cycle. Financing for these projects has been partially secured from the Abu Dhabi and Kuwait Development Funds. Recently, PEEGT announced a tender for the construction of a \$35 million national control center that will be financed by the Arab Fund for Economic and Social Development. During the second half of 1999, PEEGT is expected to announce a tender for the grid connection with Lebanon and a tender for the rehabilitation and upgrading of Baniyas, Mahardeh, and Quatineh power stations. The financing to upgrade these plants was secured from the Kuwaiti Fund, Japan, and Italy. In addition, PEEGT will soon release tenders for the construction of Gas Insulated Switchgear (GIS) in Damascus and Aleppo as well as outdoor airinsulted switchgear (AIS). The EU is financing the construction of these \$60 million projects. Furthermore, PEEGT plans to purchase underground 230 KV XLPE cables as well as low and medium voltage wooden poles. PEEGT also plans to construct twenty 230 and 66 KV substations, and import 7 transformer stations. The government will announce a foreign tender for the import and installation of 350 kilometers 400 KV OHT lines based on a turn-key basis. Foreign donors are financing, or will finance, most of these projects. There are numerous commercial opportunities for U.S. companies for the supply of equipment and technology.

	1997	1998	1999
	----	----	----
Total market size (\$ million)	200	150	120
Total local production (\$ million)	0	0	0
Total exports (\$ million)	0	0	0
Total imports (\$ million)	200	150	120
Total imports from U.S. (\$ million)	25	20	10

The above statistics are unofficial estimates.

4. Cotton Yarn Spinning: Until recently, cotton yarn spinning was monopolized by the government. Under Investment Law Number 10, the government allowed private sector investors to establish integrated factories (spinning, weaving, finishing, and final garment manufacturing). As a result, some private investors

obtained licenses from the Supreme Council of Investment for establishing such facilities. According to the best available information, however, only one manufacturer has to date started operation. As part of the Syrian government's plan to increase the export of manufactured cotton rather than raw cotton, two public sector cotton spinning facilities were constructed in Latakia and Idlib. A third plant in Jablah (to be built by the Chinese) will have a production capacity of 24,000 tons. Moreover, another plant in Latakia will expand production by 12,000 tons bringing Syria's cotton yarn production to 90,000 tons per year in 1999. If financing is secured, the SARG hopes to expand its spinning capacity to 300,000 tons of lint per year.

	1997	1998	1999
	----	----	----
Total market size (\$ million)	40	200	100
Total local production (\$ million)	0.3	0.3	0.3
Total exports (\$ million)	10	12	14
Total imports (\$ million)	39.7	199.7	199.7
Total imports from U.S. (\$ million)	12	14	15

The above statistics are unofficial estimates.

5. Fertilizer and chemical processing plants (AGC, CHM): This sector continues to receive special attention from the Syrian government. Although raw materials (rock phosphate and energy in the form of natural gas) are available, the country still imports over 500,000 tons of fertilizers per year to meet agricultural sector demand. The Ministry of Industry plans to construct a 500,000 ton per year triple super-phosphate (TSP) plant in Palmyra close to the phosphate mines and a 800,000 ton per year urea plant in Al-Hasakah near the oil fields. The capacity of each plant will be 500,000 tons per year. Arab Development Funds have been earmarked for the partial funding of the TSP project.

	1997	1998	1999
	----	----	----
Total market size (\$ million)	200	230	250
Total local production (\$ million)	30	45	45
Total exports (\$ million)	0	0	0
Total imports (\$ million)	170	185	205
Total imports from U.S. (\$ million)	0.5	0.5	0.5

The above statistics are unofficial estimates.



6. Silo Storage for Grains: The Syrian government is progressing with its plan to increase silo storage capacity to meet increasing demand. The General Establishment for Cereal Processing and Trade plans to construct 20-25 metal silos, 12,000 tons capacity each, per year over the next 4 years. The Establishment has completed the construction of 25 silos since 1997 while 20 other silos are currently under construction. The establishment has contracted with a Spanish company to construct another 20 silos beginning in 1998. In addition, concrete silos are being expanded by about 400,000 tons over the coming few years. Finally, the SARG is discussing the possibility of constructing concrete silos (of one million ton capacity) in cooperation with Iran. Indeed, Syria's debt agreement with Iran in May 1999 provides for financing for the silo project.

	1997	1998	1999
	----	----	----
Total market size (\$ million)	10	10	10
Total local production (\$ million)	0	0	0
Total exports (\$ million)	0	0	0
Total imports (\$ million)	10	10	10
Total imports from U.S. (\$ million)	10	10	N/A

The above statistics are unofficial estimates.

7. Irrigation Equipment (AGM): Syria's economy is highly dependent on agriculture, yet only 20 percent of the total planted acreage is irrigated. The Ministry of Irrigation has ambitious plans to install irrigation and drainage systems in northeast Syria to increase irrigated areas by about 350,000 hectares, to reach 25 percent of planted acreage. At present, irrigation systems are being installed to cover approximately half this area. There are also plans to install high capacity pumps and systems along the Tigris river to irrigate an additional 150,000 hectares. Improving efficiency over the near-term will allow irrigation of a maximum area with diminishing water supplies. Utilizing more efficient irrigation systems such as sprinkler or drip irrigation will become increasingly necessary with increased demand.

	1997	1998	1999
	----	----	----
Total market size (\$ million)	40	50	60
Total local production (\$ million)	5	5	5
Total exports (\$ million)	0	0	0
Total imports (\$ million)	35	45	55
Total imports from U.S. (\$ million)	10	10	12

The above statistics are unofficial estimates.

8. Pharmaceuticals: Market potential for pharmaceutical raw material is favorable, with an increasing number of U. S. pharmaceutical companies concluding license agreements with Syrian pharmaceutical manufacturers. Local pharmaceutical manufacturers that are not working under license are importing from low cost sources such as India, China, Germany and Italy (selling mostly products originally imported from low cost sources). The import of ready-made medicines and pharmaceutical products can be made only through Saydalaya, a public company and Syria's sole importer of ready-to-use medicines. The import of medicines as finished products is presently limited to medicines such as emergency-related, diabetes, cancer treatment medicines, injectable hormones, and vaccines for human and animal use. The following table represents the market size for the import of pharmaceutical raw materials and finished medicinal products.

	1997	1998	1999
	----	----	----
Total Market Size (\$ million)	110	116	125
Total Local Production (\$ million)	0	0	0
Total Exports (\$ million)	0	0	0
Total Imports (\$ million)	110	116	125
Total Imports from the U.S. (\$ million)	6	6.2	6.5

The above statistics are unofficial estimates.

9. Medical Equipment and Supplies: Under its five-year development plan, the government has constructed twenty-one new hospitals, thereby increasing the total capacity to 17,000 beds, or 25 percent increase. The present procurement plan of the Ministry of Health includes endoscopies, dialysis machines, stomach endoscopies, pace makers, ECG, gynecology, colon endoscopy, stress test machines, oxygenators, defibrillators, spectrophotometers, syringes, catheters, cardiac ECG, AIDS test kits, monitors, and other medical and hospital supplies.

	1997	1998	1999
	----	----	----
Total Market Size (\$ million)	50	54	59
Total Local Production (\$ million)	1.5	3	5
Total Exports (\$ million)	0	0	0
Total Imports (\$ million)	48.5	51	54
Total Imports from the U.S. (\$ million)	5.5	6	6.7

The above statistics are unofficial estimates.

10. COMPUTERS (CPT): In 1999, the total market for computers is estimated to be about USD 30 million, up 50% from 1998 according to computer market experts. Of that amount, 25 percent is for imported ready-made computers, and 75 percent of the sales is for locally assembled computers. Expected annual growth of the market for the next two years is about 10 percent. U.S. share of the ready-made imported computer market is about 45 percent. Computer components for locally assembled PC's are imported mainly from Japan for hard disks, from the U.S. for CPU's and RAMs, and from Taiwan for monitors. Most U.S. components of computers are being diverted from Europe and the Gulf. The present U.S. market share is believed to be about 11 percent of the total computer market for ready-made imported computers, not including U.S. made computer components that account for about 20 percent of the value of locally assembled computers. In all, total U.S. market share of computers and components reaches about 26 percent. In the following table, total imports represent only imports of ready-made computers. The import of components is excluded.

	1997	1998	1999
	----	----	----
Total Market Size (\$ million)	20.4	27	40
Total Local Production (\$ million)	5.0	10	25
Total Exports (\$ million)	0	0	0
Total Imports (\$ million)	15.4	17	15
Total Imports from the U.S. (\$ million)	6	6.5	6

The above statistics are unofficial estimates.

11. Tourism: With its strategic location, moderate climate, and historical sites representing several ancient civilizations, Syria possesses wide but largely untapped tourist potential. The government has established a Supreme Council for Tourism to facilitate investments in this sector and has exempted tourism projects from taxes, fees, and customs duties. There has been a noticeable increase in the number of five-star restaurants in Damascus in the past two years, although only a few representing foreign investors. In 1997, a Saudi investor obtained approval for the establishment of a five-star "Four Seasons" hotel in Damascus, although this project is currently suspended and may be in jeopardy. Furthermore, the first amusement park, also established by a Saudi group, opened in April 1998 and a Kuwaiti backed company opened a hotel in a resort area near Damascus in

August 1998. A new hotel is currently under construction/outfitting in Latakia, and will be a welcome addition to the limited accommodations of this Mediterranean city. The Sheraton is planning two new hotels, one in Aleppo and one in Sednaya, and the Conrad Hilton is also looking at options. In 1999, the Saudi bin Laden group has been trying to get permission for a large entertainment/shopping complex in Damascus, but negotiations are proving difficult. Syria suffers from a shortage of hotels of all levels as well as other kinds of tourism-related projects, such as international restaurants, theaters, major car-rental chains, and entertainment activities. Furthermore, investors have complained about government regulations that make it difficult to maintain their facilities or upgrade them.

12. Port Facilities: The Syrian government is planning to construct a new high-capacity port to the south of Tartus to handle increasing trade, both direct and transit. This project may be approved within the next year. Likewise, the Japanese government is providing untied aid for dredging Syria's existing ports at Latakia and Tartus, and for possible upgrades of equipment. Feasibility studies are currently being conducted for both projects.

13. Fast Foods and Franchising: Many Syrian investors are aggressively competing to obtain franchising licenses from major U.S. franchise owners. Despite the complicated franchise registration procedures, one U.S. franchise opened in May 1998 and, despite some initial difficulties with name registration, has managed to continue operations in Damascus: Kentucky Fried Chicken. Syria's bureaucracy has complicated the company's plan for further market development. Investors in July 1998 obtained a license and began the process to obtain Syrian government approval for another U.S. restaurant franchise, and secured this approval in July 1999. If the government review process can be improved, Syria could easily accommodate many additional U.S. restaurant franchises.

#### BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

Corn, soybeans and soy products, rice, cigarettes, vegetable seeds, and almonds will continue to be the leading U.S. agricultural exports to Syria. The first soybean crushing facility started operation in October 1995, and is crushing about 50,000 tons of soybeans per year imported from the U.S.

1997	1998	1999
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Total market size (\$ million)	90	95	110
Total local production (\$ million)	25	25	25
Total exports (\$ million)	0	0	0
Total imports (\$ million)	65	70	85
Total imports from U.S. (\$ million)	45	30	50

The above statistics are unofficial estimates.

## VI. TRADE REGULATIONS AND STANDARDS

### TARIFFS AND IMPORT TAX

All goods imported into Syria are subject to customs duty and "unified" tax. Duty rates are progressive and range from 1%-200%, depending on the government's view of the necessity of a product. Food and industrial raw materials carry relatively low rates, while rates between 150%-250% are imposed on luxury items such as automobiles. The unified tax is a surcharge on all imported goods, and its proceeds are allocated to the military, schools, and municipalities. Unified tax rates range from 6%-35% and are collected by the Customs Department. Customs procedures are cumbersome, tedious, and time-consuming because of complex regulations. Producers often complain that it may take up to six months to import spare parts for their plant. Both international financial institutions and the European Union, which is working with the Syrian government on economic and particularly financial sector reforms, have recommended simplification of the customs tariffs and unification of customs exchange rates.

<u>Custom duty percentage</u>	<u>Unified tax percentage</u>
1	6
2	11
3-6	12
7-11	13
12-18	14
19-23	15
24-28	16
29-30	17
31-36	18
37-40	19

41-45	20
46-50	21
51-55	22
56-59	23
60-64	24
65-69	25
70-74	26
75-78	27
79-83	28
84-88	29
89-93	30
94-98	31
99-100	32
OVER 100	35

Below are examples of custom duties applied to a selection of imported products:

- a. Raw material inputs and medicines are taxed 1% at the rate of 11.2 SP/USD.
- b. Equipment for local factories is taxed between 1-20% at the rate of 46 SP/USD.
- c. Major food products such as rice, sugar, tea, and wheat are taxed between 1-7% at the rate of 11.2 SP/USD, while processed and canned food products are taxed between 30-50% at 46 SP/USD.
- d. Small electronic equipment (such as radios and VCRs) are taxed between 30-50% at 46 SP/USD; medical equipment is taxed at 7% at the 11.2 SP/USD rate; computers at 15% at the rate of 11.2 SP/USD. Passenger vehicles under 1000 kg in weight are taxed at 150%, over 1000 kg passenger vehicles are taxed at 200% (plus 35% unified tax). Taxes and duties on vehicles are paid in hard currency.

#### CUSTOMS VALUATION

See above. Prior to December 1993, the Customs Service valued imported articles using the "official" rate of exchange, 11.2 SP/USD. As imports have been gradually liberalized, the exchange rates of applied tariffs have also been modified. For example, duties on imports permitted only recently (such as telephones, fax machines, and previously banned consumer electronic goods) are now valued at the neighboring country rate of 46 SP/USD.

#### IMPORT LICENSES

Registered Syrian and resident expatriate merchants and

industrialists must obtain an import license issued by the Ministry of Economy and Foreign Trade (or its affiliated directorates) for permitted products. To obtain an import license, about 2-3 weeks are required.

#### EXPORT CONTROLS

The exporting of Syrian goods requires no license. The exporter must prepare the following documentation:

1. An invoice certified by a local chamber of commerce.
2. Certificate of origin.
3. A customs document of description.
4. Except for fruit and vegetable exports, an exporter must produce a bank guarantee stating that hard currency earnings will be returned to Syria within four months (for goods exported to Arab countries), and within six months (for goods exported to other nations). The period for repatriating earnings may be extended up to nine months.

Foreign importers of Syrian goods need not worry about Syrian export controls, as there are experienced local shipping agents who can take charge of all export responsibilities. Exporters are taxed on their export earnings at rates between 1.5% and 3% of the value of the product(s) shipped. Some products are subject to an export retention fee up to 25% which must be deposited at the Commercial Bank of Syria at less favorable exchange rates. This amounts to a 4-7% increase on the net cost of exported goods.

#### ARAB LEAGUE BOYCOTT

Syrian public sector companies ask in their tender announcements that bidders provide certificates stating that the bidders abide by the Arab League Boycott of Israel. However, in 1978, the Ministry of Economy and Foreign Trade issued a decision permitting U.S. companies to submit a "positive statement" stating that goods and their components are 100-percent made in the U.S. This allowed bidders to avoid the previous certification that their products were not produced in Israel, language which violates U.S. Anti-Boycott Compliance Law. Nonetheless, some companies still encounter problems obtaining import licenses when they refuse to respond to Syrian inquiries about company activities in Israel (including investments, or importing goods on vessels which have made port calls in Israel). Still others have found that they are unable to register trademarks without providing assurances that violate

U.S. boycott laws. Although the Embassy maintains an active dialogue with the Syrian government to resolve these cases, we have found that the boycott is sometimes still an effective bar to U.S. investors/exporters.

#### IMPORT/EXPORT DOCUMENTATION

To import to Syria, Syrian traders must present the following documents:

1. Bill of lading.
2. Valid import license.
3. Commercial invoice in triplicate copies describing the type of goods, price, basic specifications, and method of payment. The exporter should also include two statements on the invoice. The first attests to whether the exporter has an agent in Syria, and the second involves the Arab League boycott of Israel. U.S. exporters should obtain competent advice regarding U.S. Anti-Boycott regulations before proceeding from the U.S. Department of Commerce, Office of Anti-Boycott Compliance, telephone: (202) 482-2381; Fax: (202) 482-0913.
4. Packing list in triplicate.
5. Certificate of origin in triplicate.

All documents should be certified by the Chamber of Commerce and the Syrian Embassy in the country of origin. To export, a Syrian company must be registered with a Syrian Chamber of Commerce. Goods leaving the country must be accompanied by a commercial invoice certified by the Chamber of Commerce and a packing list.

#### TEMPORARY ENTRY

The Syrian government grants temporary entry, free of customs duties and unified tax, for the following:

1. Large Projects: A foreign company executing a project in Syria is entitled to temporarily import any equipment necessary for the completion of the project. When the work is completed, the company must then re-export all equipment and vehicles. Several companies have experienced difficulties re-exporting equipment, especially computers and vehicles.
2. International Organizations: International organizations are entitled to import vehicles, furniture, and necessary equipment.



3. Tourists: Tourists are entitled to bring in and use for personal travel passenger vehicles (for a period of 3 months).

4. Trade Shows: Trade show participants may import temporarily goods for display, but must re-export them at the conclusion of the event. Occasionally, the Syrian authorities permit the permanent importation of goods that are displayed during the government-organized Damascus International Fair.

5. Exporting manufacturers: Under a special procedure, local manufacturers are granted temporary entry permit for raw materials duty-free if the resulting manufactured products are destined totally for export. With the first steps towards establishing a free trade union with Lebanon in 1999, the government is reviewing possible easing of tariffs on raw materials.

6. Projects under Law 10: 1991 Investment Law 10 permits investors duty-free import of machinery, capital equipment, and supplies needed for the project. However, customs duties are imposed on all raw materials for manufacturing.

#### LABELING, MARKING REQUIREMENTS

Medicines, food, dairy and other consumer products must be labeled. The labeling should include: name of producer/exporter, ingredients, date of manufacturing, and date of expiration. Medications also require a batch number.

#### PROHIBITED IMPORTS

Prohibited imports are weapons, narcotics, furniture, and products that compete with locally produced goods, including cheese and fruits (except for bananas), ready-made clothing, processed foods (except for canned fish), some pharmaceuticals (only the government is permitted to import ready-made medicines), cosmetics, satellite dishes, modems, household electrical appliances, Ceramics, some toys, beer and tobacco (only the government can import alcoholics and cigarettes), bottled water, soft drinks, and curtains.

#### STANDARDS (ISO 9000 usage)

The Syrian Arab Committee for Standards recognizes ISO 9000 standards and regulations. Syrian authorities (specifically Ministry of Industry) are exploring ways to implement the ISO 9000 instructions, which correspond to Syrian standards 1147,

1148, 1149, 1150, 1151. Local industry is becoming increasingly aware of ISO benefits and approximately 35 Syrian firms had obtained ISO certificates by mid-1999. Currently, the government is pursuing ISO certification for several public-sector companies, such as Tamico (pharmaceuticals) and Syrionics (electronics manufacturer).

#### FREE TRADE ZONES/WAREHOUSES

The General Organization of Free Zones (GOFZ) was established in 1972 to promote foreign investment in Syria and to exploit Syria's economic potential and historic role as a "commercial bridge" between East and West. Foreign-owned firms share the same investment opportunities in these areas as indigenous entities.

Free trade zones are located in the ports of Latakia and Tartus. In addition, there is one free zone each near the border town of Dar'a (a joint venture between Syria and Jordan); in Adra (north of Damascus); in Aleppo; at Damascus Airport; and in Damascus.

The government provides the following benefits to companies operating in the free zones:

- a. No import licensing requirement for inputs and goods entering the zones. Importers need only present a manifest as documentation and for inspection purposes. Only military and other prohibited items are excluded.
- b. No re-export regulations or restrictions are imposed except for military and internationally prohibited items.
- c. All goods entering and stored in the zones are exempt from local taxes and duties.
- d. All foreign exchange operations are free of applicable currency restrictions.
- e. Any commodity permitted to be imported into Syria can be imported from free zone manufacturing facilities, but an import permit is required.

#### SPECIAL IMPORT PROVISIONS

Syria enforces the Arab League Boycott of Israel. Goods of Israeli origin are prohibited for import into Syria. In addition, all imported goods must come directly from the country of origin, with some exceptions. These exempted items include: harvesters, spare car parts, commodities exchanged on the open markets (rice, sugar, coffee), refrigerated containers, and large construction equipment.

#### MEMBERSHIP IN FREE TRADE ARRANGEMENTS

Syria has free trade arrangements with Jordan, Lebanon, Egypt, and Saudi Arabia for selected animal products and manufactured goods that do not compete with the local industry.

In concert with certain members of the Arab League, and in a step towards the Arab Common Market, Syria agreed with some Arab countries to reduce customs on industrial products by 10% every year as of January 1, 1999. Similarly, Syria and Lebanon agreed to reduce their customs on locally-manufactured goods by 25% every year as of the same date. Both agreements entered into force on January 1, although there are some exemptions for locally manufactured products. Syria exported \$84.6 million in agricultural products to Lebanon in 1998. Agricultural imports from Lebanon are negligible.

## **VII. INVESTMENT CLIMATE**

### OPENNESS TO FOREIGN INVESTMENT

The Syrian government has opened the door to foreign investors in recent years -- and is particularly keen to increase its skills base through foreign companies -- but it has not fully adopted a strong legal framework that both foreign investors and Syrian expatriates demand. Most representatives of foreign firms find Syria's business environment a difficult one. The difficulties seem to have increased in 1998/99 with the government's diminished access to petroleum receipts and foreign aid.

The government has passed three key pieces of legislation since 1985 to encourage foreign investment. In 1985, the SARG issued "Decision 186" to encourage investment in tourism. In 1986, the government issued "Decree 10" to encourage the establishment of joint-venture agricultural companies. In June 1991, as part of its overall reform program to encourage the private sector, the government passed a new investment law -- "Law Number 10" -- to promote investment in all sectors of the economy. The new law offers the same incentives to local and foreign investors.

Specifically, companies that receive licenses under the new law are accorded duty-free privileges for the machinery and equipment for a project, including vehicles, and a tax holiday for the first five years of operation. Companies that export over 50 percent of their products enjoy a seven-year tax holiday. All applications for investment under the law must be screened and vetted through the Higher Council for Investment. The council meets once a month. Members include the Prime Minister, his two deputies, and the Ministers of Economy,

Agriculture, Transportation, Supply, Industry, Planning, Finance, and the Director of the Investment Bureau. No definitive criteria for approving investment is made explicit under the new law, but the council is more likely to approve a project if it:

- Maximizes the use of local resources
- Utilizes advanced technologies
- Boosts exports
- Creates jobs
- Advances the government's development plans

Most foreign investment in Syria has been in the oil exploration sector. Beginning in the late 1980s, the government actively courted international oil companies to sign concession agreements for oil exploration. In 1990, twelve foreign firms had production operations in Syria, but today, only five remain (Shell, Elf, Mol, Ina Nafta Plin, and Conoco). Western firms departed because of disappointments over dry wells, rising costs, and friction with the Syrian government over contractual terms and tax liabilities.

Foreign company representatives have mentioned several difficult aspects of doing business in Syria, citing both Syrian and U.S. government policies and restrictions.

- Law Number 24 prohibits dealing in foreign currency. Even for projects under Law Number 10, profits generated in local currency may not be repatriated legally, and royalties are similarly restricted.
- The SARG requires that export and import licenses be obtained for every single item imported and then re-exported, regardless of value. Several company representatives recalled that documentation for even minor items, such as paint cans and used spark plugs, had to be kept to prove to customs officials that they had not been illegally re-exported or sold locally. Likewise, foreign companies must acquire temporary permits for each item of equipment intended for temporary use and subsequent re-export (i.e. drilling rigs) to avoid paying import duties. These permits can be difficult to extend if the company's service contract has expired, and if it wants to keep the equipment in-country for stand-by usage. Delays in the re-export of equipment after a temporary permit expires have drawn heavy fines.
- USG foreign policy sanctions and individual validated

licensing requirements imposed on "dual use" items such as computer equipment, oil exploration technology, including global positioning systems, telecommunications and direction-finding equipment, often complicate U.S. exporters efforts to market their goods competitively.

- The "Grassley Amendment" prevents U.S. companies from taking advantage of foreign tax exemptions for taxes paid in Syria.
- Syrian corporate tax liabilities for U.S. subcontractors have long been unclear and continue to complicate operations of many companies, particularly in the oil/gas sector.
- The awarding of contracts is often delayed by lobbying efforts of special interest groups. Even in cases where special influence is not brought to bear, the mere perception of systemic opacity also leads to delays. In these cases, government decision-makers fear false accusations of abuse and often engineer additional reviews of investment proposals that are not required by law and inordinately delay projects.
- The government continues to set prices on most goods/commodities such as food products, converting industries, and clothing, which limits the investors' ability to recoup his investment.
- Public sector wages are constricted by law and now comprise only about 30-40% of a minimum subsistence wage. Thus, employees in the public sector (with whom dealings are extensive, even for private sector ventures) are often unmotivated and unproductive, or demand "fees" for even the most routine services.
- Labor laws are complex and limit employers' flexibility.
- Zoning and rent laws make it difficult to lease commercial properties and make landlords reluctant to lease residential properties because tenants are not easily evicted.

#### RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

All major private investment projects must be licensed. Over the past few years, the Syrian government has steadily opened sectors formerly reserved to government monopolies to private sector investment. Key sectors opened since 1994 include flour milling, sugar refining, cotton ginning and spinning, and cement

manufacturing. The Prime Minister has stated publicly that the Higher Council of Investment, which he chairs, is open to any and all proposals for investment, in any industry and on any scale. Nevertheless, state enterprises with a competing interest in a proposed project are routinely consulted by the Investment Council. Several projects that have been approved have not reached implementation stages.

The standard of competitive equality is not applied to private enterprises competing with state enterprises in a number of important areas. For example, although a number of state banks, such as the Real Estate and Industrial Banks, are authorized to loan local currency to help finance private sector projects, state enterprises continue to have privileged access to local credit and exclusive access to official loans from the Commercial Bank of Syria. However, private companies can sometimes access offshore financing. Likewise, according to local business sources, state enterprises have priority in the allocation of commodities and material produced by other state enterprises. Public sector firms also appear to have greater access to public services, such as electricity and telecommunications.

The government has rejected privatization of state enterprises as a viable strategy because of the unmarketability of most state enterprises and the continued dependence of the national workforce on public sector employment. Although the government seems to be working on identifying means to make the public sector more competitive (allowing it to appoint agents to market the products abroad, pursuing ISO certification for some companies, and freeing others, on an experimental basis, from certain restrictive laws on labor and wages), more steps are needed to improve both profitability and competitiveness.

#### PROTECTION OF PROPERTY RIGHTS

Syria's legal system recognizes and facilitates the transfer of property rights, including intellectual property rights. Acting on Syrian law, the government has raided shops known to pirate computer software. In April 1995, the Syrian government announced its intention, in principle, to join the Paris Union for the International Protection of Industrial Property. The government also stated that it is considering joining the 1967 Stockholm Intellectual Property Rights Agreement.

Below are specific legal protections for patents, copyrights, and trademarks:

- Patents: These are issued for fifteen-year periods, provided the invention has been utilized within two years after the patent was granted.

- Copyrights: Most books printed in Syria are in Arabic and by Arab authors. However, instances of copyright infringement especially of Arabic translations of English texts, have occurred. Pirated records, cassettes, videos, and CDs are widely available.

Despite government efforts, pirated computer software is also readily available. The amount of revenue lost to U.S. copyright holders has been minimal, but growing use of computers and the high cost of the legal product in a low income market may exacerbate the problem. Enforcement and litigation are not widely pursued, in part because foreign companies do not perceive the threat to be large and in part because the legal protection is assumed to be thin. However, we are aware of one local producer of clothing who successfully pursued a legal claim this past year against a competitor who was marketing the same brand name without authority.

The motion picture industry estimates the home video market in Syria is 100 percent pirated, and has expressed concern over hotel video offerings. Additionally, 100 percent of both Arab and non-Arab commercial music products are pirated. Given the lack of technical sophistication of Syrian industry and strict government control of communications and data processing, infringements on new technologies are not a problem.

- Trademarks: These may be registered for ten-year periods. The first applicant is always entitled to registration. There are several local knockoffs of U.S. restaurant chains and food products, clothing, footwear, and perfumes.

#### ADEQUACY OF LAWS AND REGULATIONS

Syrian commercial laws and regulations are complicated and sometimes contradictory. Implementation is extremely cumbersome and time consuming. Import and export laws which are perceived as overly harsh or strict (e.g. on foreign currency exchange, tax liability, etc.) are often circumvented by necessity. Almost by necessity, many importers resort to smuggling, double-bookkeeping, alteration of invoices, or other machinations to avoid complicated procedures for commercial transactions and very high tax rates. It is very common for



companies to encounter problems when competitors attempt to invoke rarely-enforced laws, and many laws are enforced arbitrarily. While often difficult for Syrians, such an investment climate offers unimagined challenges to foreign companies.

#### FREE TRADE ZONES/WAREHOUSES

The General Organization of Free Zones (GOFZ) was established in 1972 to promote foreign investment in Syria and to exploit Syria's economic potential and historic trading role as a "bridge" between East and West. Foreign-owned firms share the same investment opportunities in these areas as indigenous entities.

Two free trade zones are located in the ports of Latakia and Tartus. In addition, there is one free zone each near the southern border town of Dar'a (a joint venture between Syria and Jordan); in `Adra (north of Damascus); in Aleppo; at Damascus Airport; and in Damascus.

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- c. All goods entering and stored in the zones are exempt from local taxes and duties.
- d. All foreign exchange operations are free of applicable currency restrictions.
- e. Any commodity permitted to be imported into Syria can be imported from free zone manufacturing facilities, but an import permit is required.

#### MAJOR TAXATION ISSUES AFFECTING U.S. BUSINESS

Taxes (approximately six times higher than the duties imposed on raw material imports) applied on all finished imports affect Syrian and foreign businesses established in Syria alike.

Resident U.S. companies are taxed for services provided in Syria, and U.S. employees working in Syria as part of a foreign contract are also subject to an income tax of about 20% of their

salary that is deducted from the value of the contract.

#### PERFORMANCE REQUIREMENTS/INCENTIVES

Apart from specifying a minimum investment of ten million Syrian pounds, Investment Law 10 has no formal performance requirements. For example, foreign investors are not required to employ a fixed proportion of local labor, although there are reports that informal guidelines are negotiated on a case-by-case basis during the licensing process. Investors' access to foreign exchange is limited, as it is a function of the value of a company's exports. Proprietary information may also have to be disclosed for project approval. The Ministry of Supply has the authority to set prices and/or profit margins for products destined for the local market, but so far, foreign investors have not encountered problems as a result of this practice. Under Investment Law 10, there are additional incentives for investment in rural areas and for those companies that use local raw materials.

Prior to coming to Syria, all U.S. citizens must obtain an entry visa that may be procured from the Syrian embassy in Washington. Although there are no discriminatory or excessive visa, residence, or work permit requirements, if an individual wishes to remain in Syria longer than 14 days, that person must register with the government and acquire a temporary residence permit (in addition to the entry visa). The Syrian government will not grant entry to persons with passports bearing an Israeli visa or entry/exit stamp, or to persons born in the Gaza Strip or of Gazan descent. U.S. citizens wishing to visit Syria should obtain a Consular Information Sheet for updates on travel information.

#### TRANSPARENCY OF THE REGULATORY SYSTEM

The Syrian regulatory system is not oriented toward promoting competition either among private firms or between private and state enterprises. Regulations enforced by the Ministry of Supply are aimed at promoting consumer protection by preventing hoarding and price gouging. Nevertheless, to foster competition, the government has put public sector enterprises on notice that they will no longer be permitted to monopolize entire sectors, particularly if private capital, foreign or domestic, can be attracted to finance projects.

As for fiscal and welfare regulations, such as tax, labor, safety, and health laws, these appear to be enforced without

discrimination. Bureaucratic procedures for licensing and necessary documentation move slowly and require official approval from many levels within the government. Under-the-table payments are often required as corruption is endemic at nearly all levels of government.

The absence of organized capital, foreign exchange, and financial markets continues to be an important impediment to private investment, both domestic and foreign. In 1994, the parliament approved legislation authorizing the re-opening of the Damascus stock market; however, it still awaits the President's approval. The government continues to impose strict foreign exchange controls especially on currency outflows for private sector operations outside the specific concessions granted under the new investment law.

### CORRUPTION

Syrian laws prohibit corruption and the acceptance of bribes or kickbacks. The Central Commission for Control and Inspection is responsible for oversight and enforcement of these laws, and indeed this agency wields considerable authority. Both the party offering "incentives" and the intended recipient will be subject to imprisonment and/or confiscation of property. Beginning in mid-1998, newspaper accounts of misappropriation of public funds and lack of probity among public officials began appearing with increasing frequency, and some officials were jailed for apparent corruption. However, incomes and benefits are so low in the public sector that fringe benefits and excessive "agency" fees are widely tolerated as means of supplementary compensation, especially in government procurement, investment licensing, import licensing. The corruption cuts across most sectors of society, and touches certain aspects of the legal system as well.

### LABOR

The private sector has been able to recruit both skilled and professional labor. On the other hand, state enterprises have difficulty attracting qualified personnel, due to low salaries (the average public sector wage is between \$80-100/month). To resign from their positions, public sector employees must obtain permission, which is often difficult. Low public sector wages also keep wages in the private sector depressed, since there are few options for alternate employment.

The government-controlled Syrian General Federation of Trade

Unions (GFTU) oversees all aspects of union activity. The GFTU is affiliated with the International Confederation of Arab Trade Unions. In the public sector, unions do not normally bargain collectively on wage issues, but there is some evidence that union representatives participate with the representatives of the employer and Ministry of Labor in establishing sectoral minimum wages. In a country whose major industries are state-owned, workers make up the majority of each board of directors and union representatives are always included on those boards. They also monitor and enforce compliance with the labor law. In the private sector, unions are active in monitoring compliance with the laws and ensuring workers' health and safety. Unions can undertake negotiations for collective contracts with employers, but there is no information available on whether such contracts envision that unions can also sue and be represented in court. The government has continued to resist the abolition of the Minister of Labor's power over collective contracts. Organized unions do not seem to have a role in determining receptivity to foreign investment.

#### EFFICIENCY OF CAPITAL MARKETS AND PORTFOLIO INVESTMENT

Government policies do not facilitate the free flow of financial resources. Foreign capital can be brought into the country, but must be exchanged at the unfavorable exchange rate of 46 SP/USD which is about 12% less than the free market rate. Additionally, investors wishing to repatriate their funds may only do so from hard currency earnings generated from exports.

There are no foreign banks operating in Syria. Furthermore, all Syrian banks are government-owned and offer only rudimentary banking services. Bank computerization is still in its infancy, and low salaries impede recruitment of talented managers. Local and foreign investors have been able to acquire small loans (in local currency) from local banks through very complicated and impractical procedures. Instances of large loans are rare.

Legal, regulatory, and accounting systems are consistent with international norms in theory. In reality, however, local businesses do not comply with these regulations in order to avoid confiscatory tax rates.

There are no stock or bond markets in Syria.

#### CONVERSION AND TRANSFER POLICIES

The new investment law sets no limits on the inflow of funds.

Beneficiaries under the law are permitted to open foreign exchange accounts with the Commercial Bank of Syria. An investor must deposit 100% of all foreign exchange capital and hard currency loans secured by the project, and 75% of export earnings.

Outward capital transfers and profit remittances are prohibited, unless approved by the Prime Minister or sanctioned under the new investment law or a specific arrangement, as in the case of production sharing agreements concluded with oil exploration companies. Under Law 10, invested capital may be repatriated after five years from the project completion date (six months, if the project fails due to events beyond the control of the investor), and profits remitted on an annual basis even if no hard currency was generated. Expatriate employees are permitted to transfer abroad 50% of their salaries, and 10% of severance pay. In the case of foreign oil companies, "cost recovery" of exploration and development expenditures is governed by formulas specifically negotiated in the applicable concession agreement.

Foreign oil partners in production sharing joint-ventures with the state oil company report delays in the recognition of "cost recovery" claims, although such payments are eventually approved.

The private sector has had no access to official foreign reserves since 1984. Under the new investment law, all foreign exchange operations must be generated from company exports and transacted through the investor's foreign exchange account at the Commercial Bank of Syria. No mechanism exists in the parallel "gray" foreign exchange market, funded from permitted private sector retained export earnings, for the repatriation of capital and profits.

Strict foreign exchange restrictions are enforced outside the concessions granted under Law 10/1991. The export of capital requires the approval of the Central Bank, as does overseas borrowing (although these restrictions are often breached). Foreign companies operating outside the new investment law may transfer capital only in accordance with special agreements, usually in the form of a presidential decree, which allow their operation in Syria.

#### EXPROPRIATION AND COMPENSATION

There have been no expropriations of private property for public use since the 1960s. Although protection against expropriation

is not explicitly stated in the new investment law, older investment laws include such clauses, which presumably remain valid and applicable under the new investment law.

#### DISPUTE SETTLEMENT

Few investment disputes have occurred during the past several years. The few that have transpired have typically been settled (often with long delays) through negotiations or via arbitration clauses in contracts. While a number of U.S. suppliers have asserted claims against state enterprises for non-payment on goods and services delivered, the Syrian government, working closely with the Commercial Bank of Syria, has taken steps since early 1995 to settle some of these debts on a case by case basis.

Property and contractual rights are protected by the constitution and enforced by law. However, there is considerable government interference in the court system and judgments by foreign courts are generally accepted only if the verdict favors the Syrian government. Although a written bankruptcy law exists, it is not applied fairly and creditors may or may not salvage their investment. Monetary judgments in such cases are made in the local currency which cannot be converted to hard currency.

Syria is a party to the New York Convention on Arbitration. The government accepts binding international arbitration of investment disputes between foreign investors and the state in cases where the investment agreement or contract includes such a clause. Otherwise, local courts have jurisdiction. Arbitration cases involving the public sector must be tried by the "State Council," which has a positive record of ensuring the integrity of the process. Awards to foreign companies have been carried out in Syria.

#### POLITICAL VIOLENCE/BILATERAL INVESTMENT AGREEMENTS/INVESTMENT INSURANCE

Syria offers an extremely safe environment in terms of personal security, and the country has enjoyed about 30 years of political stability. However, a deteriorating economy, the stalled Middle East peace process, regional tension related to Iraq, and uncertainty over possible succession scenarios in the event of the President's departure from office give some cause for concern to investors.

Syria and the U.S. signed an investment guarantee agreement on August 9, 1976 that protects investments from nationalization and confiscation. Similar agreements are also in force with Germany, France, Pakistan, China, Indonesia, Russia, Belorussia, Iran, and Switzerland. In addition, since the Gulf War, a number of bi-national committees have been established with Gulf Arab countries to explore private and mixed joint-ventures.

U.S. businesses may not utilize OPIC or other official insurance programs due to Syria's inclusion on the State Department's list of state sponsors of terrorism. For the same reason the Export-Import Bank, Small Business Administration, Commodity Credit Corporation and the Trade Development Agency may not extend financing for U.S. exports to Syria. USAID assistance to Syria was terminated in 1983, a ban that applies to any funds appropriated pursuant to annual Foreign Operations Appropriations Act.

#### FOREIGN DIRECT INVESTMENT STATISTICS

Official foreign investment statistics by country are not available. According to press stories, some 1,481 projects valued at about 325 billion Syrian pounds (approximately USD 6.5 billion at the free market rate) have been approved under the new investment law since its issuance in 1991 through December 1998. There are about 250 projects in new fields that were either unavailable in Syria or monopolized by the government. However, only a small percentage of approved projects have even begun construction, much less operation.

#### CAPITAL OUTFLOW POLICY

Except for transfers made under 1991 Investment Law 10, capital outflow is absolutely prohibited. According to this law, investors who would like to repatriate their capital or transfer their profits may do so. This hard currency must then be generated from export proceeds. The private sector depends heavily on illegal money transfers to finance its imports, transactions which subject importers to the risk of imprisonment.

#### MAJOR FOREIGN INVESTORS

Currently, several foreign firms have an investment presence in Syria, mainly in the oil exploration field. They are Shell, Conoco, Elf, Mol, Ina Nafta Plin. Other foreign investors include Mitsubishi, Samsung, Mobil, Nestle, and Prince Walid Bin

Talal of Saudi Arabia (Four Seasons Hotel Chain).

## **VIII. TRADE AND PROJECT FINANCING**

### BANKING SYSTEM

Syria's government-controlled banking system consists of five banks: The Commercial Bank of Syria, the Agricultural Cooperative Bank, the Industrial Bank, the Real Estate Bank, and the People's Credit Bank. The Central Bank of Syria oversees banking operations and manages the money supply. According to Syrian bank regulations, only the Central Bank and the Commercial Bank may engage in international transactions and hold foreign exchange deposits outside Syria. Within Syria, only the Commercial Bank may sell Syrian pounds for foreign currencies. Except for a few exemptions, unused Syrian pounds cannot be sold back to the Commercial Bank. Moreover, Law 24 of 1986 criminalizes the private exchange of foreign currencies and Syrian pounds. The private sector has long advocated abolition of this law, which is perhaps the largest disincentive to investment and foreign trade.

Besides monopolizing the exchange of foreign currencies, the Syrian government maintains one of the last remaining fixed, multiple exchange rate systems in the world. At present the government exchanges money at two different rates, the "official" rate of 11.2 SP/USD, and the "neighboring country" rate of 46 SP/USD. However, virtually all transactions occur at either the "neighboring country" rate, the "offshore" rate, negotiated in the free markets of Amman or Beirut, which ranges between 50 and 52 SP/USD, or the "export dollar" rate, which ranges between 53 and 57 SP/USD.



## HOW TO FINANCE EXPORTS/METHODS OF PAYMENT

In general, private Syrian traders finance imports from their own resources or through their own credit. Major importers dealing with large foreign firms may also have established credit lines. Contracts with the private sector are negotiated on an individual basis with little or no interference from the government. All documentary transactions for imports must be by a letter of credit (L/C) opened at the Commercial Bank of Syria. Typically, the Bank requires the importer to cover 100% of the transaction from his own resources offshore or from funds generated by exports.

Syrian importers often require that one of the following two clauses be added to the proforma invoices and bills of lading as payment conditions, "free of payment" or "180-day credit facilities." In this case, the importer pays through his offshore bank, either cash in advance, or via L/C, and the bill of lading is then sent to the Commercial Bank of Syria. In such instances, U.S. exporters are well advised to avoid delayed payment or the "cash against documents" mechanism, since the U.S. exporter has no protection under such a transaction and the Commercial Bank of Syria has no authority to release funds under such a clause. Moreover, the importer could simply walk away from the contract even after the goods are shipped.

Alternatively, an importer may use foreign exchange earned from exports (export dollars) and deposit it in the Commercial Bank of Syria. The foreign exchange used to cover an L/C opened at the Commercial Bank may be his own, or purchased in an informal secondary market. Beginning in 1994, and in successive rounds in following years, the Syrian government has transferred goods from the list of items that can be financed from offshore accounts to the list of items that must be purchased with export dollars. Whatever the source of funding, it is strongly recommended that U.S. exporters sell their goods to Syrians under "cash in advance" or "confirmed irrevocable letters of credit" until a satisfactory relationship with the Syrian importer has been established.

For its contracts, the government will open an L/C only after the contractor has posted a five to ten percent performance bond to ensure that goods will be delivered within the stated time of delivery, free of defects, and identical to the offer in both quality and quantity. Posting these bank guarantees has been a constraint for U.S. firms wishing to do business in Syria because suppliers' banks often lack correspondence arrangements

with the Commercial Bank of Syria. Again, U.S. commercial financing is not a practical way to do business with Syrian firms because foreign exchange impediments make it impossible to guarantee a loan or credit facility for a Syrian beneficiary.

#### TYPES OF AVAILABLE FINANCING AND INSURANCE

Because Syria remains on the list of state supporters of terrorism, Eximbank and OPIC financing and insurance are unavailable to U.S. exporters. For the same reason, USAID is not present in Syria. Although Syria resumed payments to the IBRD in 1996, project loans will not be approved until the 5-year repayment schedule is completed. However, Syria has received some project financing from Japan, the EU, and various Arab national and multinational institutions. Projects financed include upgrading the national telephone system, construction of several electrical power plants, purchase of heavy equipment for land reclamation, and road construction.

Syrian Banks with correspondent U.S. banking arrangements:

- Central Bank of Syria
- Commercial Bank of Syria

U.S. Banks in New York with known correspondent Syrian banking arrangements:

- Arab American Bank, New York
- Bank of New York, New York
- Morgan Guarantee Trust Company, New York
- Credit Lyonnais, New York
- Citibank, New York

## **IX. BUSINESS TRAVEL**

U.S. business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale by the superintendent of documents, U.S. government printing office, Washington, D.C. 20402; tel: (202) 512-1800; fax: (202) 512-2250. Business travelers to the Syrian Arab Republic seeking appointments with U.S. Embassy Damascus officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (963-11) 333-1342 or fax at (963-11) 224-7938.

### BUSINESS CUSTOMS

#### TRAVEL ADVISORY AND VISAS

##### 1. Personal entry requirements

Passport: Required

Visa: Required

Health & Immunization: Certificates are required of all travelers arriving from infected areas. Currently there are no AIDS test requirements for short-term visitors. The Syrian government will not grant entry to persons with passports bearing an Israeli visa or entry/exit stamp, or to persons born in the Gaza Strip or of Gazan descent. Dual national males are subject to Syrian military duty laws.

##### 2. Embassy information

Syrian Embassy in the United States:

Address: Embassy of the Syrian Arab Republic,  
2215 Wyoming Ave., Washington, D.C. 20008  
Telephone: (202) 232-6313, Fax: (202) 234-9548

U.S. Embassy in Syria:

Address: Abou Roumaneh, 2 Al-Mansour Street, P.O. Box 29,  
Damascus, Syria  
Telephone: (963-11) 333-1342, Fax: (963-11) 224-7938  
After hours (963-11) 333-3232

Holidays

The Syrian Arab Republic will observe the following holidays  
in 2000:

January 1	(New Year's Day)
January 7-9	(Muslim Feast after Ramadan)1/
March 8	(Revolution Day)
March 21	(Mothers' Day)
March 16-19	(Muslim Feast of the Sacrifice)1/
April 12	(Easter)
April 17	(Independence Day)
April 19	(Orthodox Easter)
April 7	(Muslim New Year)1/
May 1	(Labor Day)
May 6	(Martyr's Day)
June 14	(Prophet's Birthday)1/
October 6	(October War)
December 25	(Christmas Day)

1/ Based on lunar calendar. Exact date to be confirmed.

Work week:

Government: Saturday through Thursday, 8:00 am - 2:00 pm.

Private Sector: Saturday through Thursday, 9:00 am - 2:00 pm  
and 5:00 pm - 8:00 pm.

Embassy: Sunday through Thursday, 8:00 am - 4:30 pm.

## **X. APPENDICES**

### Appendix A: COUNTRY DATA

#### PROFILE:

- Population: 16 million
- Population growth rate (percent): 3.3
- Religions: Sunni Muslims (70 percent), Alawi Muslims (12 percent), Christians (14 percent), Druze (3 percent), small numbers of Jews, Yazidis, and other Muslim sects.
- Government system: Republic, under an authoritarian regime since 1963.
- Languages: Arabic (official), English and French (somewhat understood), Kurdish, Armenian, Syriac, and Circassian.

#### Appendix B: DOMESTIC ECONOMY

	<b>1997**</b>	<b>1998</b>	<b>1999</b>
	----	----	----
- Real GDP (billion USD) *	12.65	12.10	12.10
- Real GDP growth (percent)	-4.4	-4.4	0
- GDP per capita (USD)	837	800	790
- Government spending as percent of GDP	29		
- Inflation (percent)	2.2	2	2
- Unemployment (percent)	7	7	7
- Foreign exchange reserves	N/A	N/A	N/A
- Average exchange rate for USD 1.00	41.30	41.30	41.30
- Debt service ratio (million USD)	N/A	N/A	N/A
- U.S. economic/military assistance	0	0	0

\* 1997 figures were drawn from the Statistical abstract and converted at the blended government rate of 34.26 Syrian Pounds/USD. 1998 and 1999 figures are Embassy estimates.

\*\* GDP is calculated at factor cost.

Appendix C: TRADE

(In billions of USD)

	1997	1998	Jan-Apr 98	Jan-Apr 99
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- Total Exports	3.9	2.9	N/A	N/A
- Total Imports	4.0	3.9	N/A	N/A
- U.S. Exports	0.18	0.16	0.061	0.064
- U.S. Imports	0.03	0.05	0.014	0.014

#### Appendix D: Investment Statistics

No investment statistics are currently available.



## Appendix E: U.S. AND COUNTRY CONTACTS

### U.S. EMBASSY TRADE PERSONNEL:

Telephone: (963-11) 333-1342; Fax: (963-11) 224-7938

Daniel Rubinstein:	Economic/Commercial Head of Section
Steve Rice:	Economic/Commercial Officer
Jamal Aliah:	Economic/Commercial Officer
Ben Watson	Economic/Commercial Officer

Thomas Pomeroy  
Agricultural Attache  
U.S. Embassy Cairo  
Tel: (20-2) 357-2388  
Fax: (20-2) 356-3989

### COUNTRY TRADE ASSOCIATIONS/ CHAMBERS OF COMMERCE

#### **The Federation of Syrian Chambers of Commerce and Industry:**

President: Dr. Ratib Shallah, P.O. Box 5909, Damascus, Syria;  
Telephone: 3311756, 3337344, 3311504; Fax: 963-11-3331127

**Damascus Chamber of Commerce:** President: Dr. Ratib Shallah,  
P.O. Box 1040, Damascus, Syria; Telephone: 2245475, 2232348,  
2211339; Fax: 963-11-2225874

**Damascus Chamber of Industry:** President: Dr. Yahya Hindi, P.O.  
Box 1305, Damascus, Syria; Telephone: 2222205, 2213475,

2215042; Fax: 963-11-2245981

**Aleppo Chamber of Commerce:** President: Mr. Mohammed Saleh Al-Mallah, P.O. Box 1261, Aleppo, Syria; Telephone: 963-21-2238236, 2236253, 2238237; Fax: 963-21-2213493

**Aleppo Chamber of Industry:** President: Mr. Muhammad Oubari, P.O. Box 1859, Aleppo, Syria; Telephone: 963-21-3620600/1/2, 3639700; Fax: 963-21-3620-040

**Homs Chamber of Commerce and Industry:** President: Mr. M. Walid Tuleimat, P.O. Box 440, Homs, Syria; Telephone: 963-31-471000, 469440; Fax: 963-31-464247

**Hama Chamber of Commerce and Industry:** President: Mr. 'Izzat Habbal, P.O. Box 147, Hama, Syria; Telephone: 963-33-233304, 517700; Fax: 963-33-517701

**Latakia Chamber of Commerce and Industry:** President: Mr. Kamal Ismail Al-Assad, P.O. Box 124, Latakia, Syria; Telephone: 963-41-479530/1; Fax: 963-41-478526

**Tartus Chamber of Commerce and Industry:** President: Mr. Abdul-Razak Mansour, P.O. Box 403, Tartus, Syria; Telephone: 963-43-329851/2; Fax: 963-43-329852

**Dayr Al-Zur Chamber of Commerce and Industry:** President: Mr. Bashir Tu'meh, Dayr Al-Zur, Syria; Telephone: 963-51-222091; Fax: 963-51-222091

#### SYRIAN GOVERNMENT CONTACTS

**Organization:** Ministry of Petroleum and Mineral Resources

**Contact Name:** Dr. Mohammed Maher Jamal

**Contact Title:** Minister

**Address:** Adawi, Damascus, Syria

**Telephone:** 4415921, 4455972, 4445610

**Fax:** 4457786

#### **Ministry of Irrigation**

Mr. Abd Al-Rahman Al-Madani

Minister

Fardous, P.O. Box 4451, Damascus, Syria

Telephone: 2228571, 2221400/1/2/3

Fax: 2246888

**Ministry of Agriculture and Agricultural Reform**

Mr. Ass'ad Mustafa

Minister

Hijaz Square, Damascus, Syria

Telephone: 2221513/4, 2213613/4

Fax: 2244078

**Ministry of Transport**

Dr. Mufid Abd Al-Karim

Minister

Abou Rumaneh, P.O. Box 134, Damascus, Syria

Telephone: 3316840, 3336801/2/3

Fax: 3332172

**Ministry of Finance**

Dr. Mohammed Khaled Mahayni

Minister

Seven Fountains Square, Jul Jammal Street, P.O. Box 13136,  
Damascus, Syria

Telephone: 2220200/1/2/3, 2211300/1/2/3,

Fax: 2224701

**Ministry of Economy and Foreign Trade**

Dr. Mohammed Al-Imadi

Minister

Salhiyeh, P.O. Box , Damascus, Syria

Telephone: 2215172, 2213513/4

Fax: 2225695

**Ministry of Electricity**

Mr. Muneeb Sa'em Al-Dahr

Minister

Jisser Victoria, Kouwatly Street, P.O. Box 4900, Damascus, Syria

Telephone: 2248111, 2223086

Fax: 2227736

**Ministry of Health**

Dr. Iyad Shati

Minister of Health

Najmeh Square, Parliament Street, Damascus, Syria

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Fax: 3311114

**Syrian Petroleum Company (SPC)**

Dr. Ahmad Mou'alla

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Fardos, Mutanabi St., P.O. Box 2849, Damascus, Syria

Telephone: 2235566, 2314850/1,2/3/4

Fax: 2225648, 2225643, 2210953

**Al-Furat Petroleum Company (AFPC)**

Joop Lasseur

General Manager

Mazze, Writers' Union Building, P.O. Box 7660, Damascus,

Telephone: 6181688, 6183333

Fax: 2238104, 2244010

**Syrian Petroleum Transport Company**

Mohammed Duba

Director General

P.O. Box 13, Baniyas, Syria

Telephone: (043) 711300

Fax: (043) 710418

**Syrian Crude Oil Transport Company**

Nizar Shmaliyeh

Director General

P.O. Box 331, Homs, Syria

Telephone: (031) 516417

Fax: (031) 470167

**Public Establishment for Power Generation and Distribution**

Zaki Odeh

Director General

P.O. Box 3386, Damascus, Syria

Telephone: 2248965, 2119934/5/6/7

Fax: 2229062, 2129981

**Public Establishment for Power Distribution and Exploitation**

Mr. Najati Jawdat

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Jissre Victoria, Kouwatli Street, P.O. Box 35199, Damascus, Syria

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Fax: 2223686

**General Organization for Engineering Industries**

Issa Dawood

Director General

P.O. Box 3120, Damascus, Syria

Telephone: 2121824/5, 2121816, 2122650

Fax: 2123375

**Syrian Telecommunications Establishment (STE)**

Makram Obeid

Director General

Mezzeh, Damascus, Syria  
Telephone: 2240300, 6122210  
Fax: 2242000

**General Organization for Cement and Building Material**

Ahmad Al-Hamo  
General Director  
Mazze, Western Villas, P.O. Box 5265, Damascus, Syria  
Telephone: 6117666, 6117444, 6118444  
Fax: 6117111

**General Organization for Textile Industries**

Najad Al-Haj Hamed  
Director General  
P.O. Box 620, Damascus, Syria  
Telephone: 2215262, 2216200, 2227158  
Fax: 2216201

**General Organization for Chemical Industries**

Zaid Al-Hariri  
Director General  
Baramkeh, P.O. Box 5447, Damascus, Syria  
Telephone: 2127654, 2123363, 2122743, 2122917, 2122362  
Fax: 2128289

**General Organization for Food Industries**

Ali Kamel Salman  
Director General  
P.O. Box 105, Damascus, Syria  
Telephone: 2244021, 2225290/1  
Fax: 2245374, 2235614, 2234428

**Foreign Trade Organization for Machinery and Equipment (SAYARAT)**

Muhammad Salim Dalloul  
General Director  
P.O. Box 3130, Damascus, Syria  
Telephone: 2218223, 2218156  
Fax: 2211118

**Supreme Council for Investment**

Mr. Mohammed Sarakbi  
Director  
Baghdad Street, Dahdah stop, Damascus, Syria  
Telephone: 4410448, 4412039  
Fax: 4428124

**General Directorate of Customs**

Mr. Adel Abd Al-Al  
Director General  
Baramkeh, Damascus, Syria  
Telephone: 2121701, 2123937, 2121700/1/2,  
Fax: 2126921

**General Directorate of Ports**

Mr. Ali Razouk  
Director General  
P.O. Box 505, Latakia, Syria  
Telephone: (041) 475890, 473333, 473876  
Fax: (041) 475805

**General Establishment for Cereal Processing and Trade**

Mr. Hunein Al-Nimer  
Director General  
P.O. Box 4106, Damascus, Syria  
Telephone: 2317818, 2318364  
Fax: 2312369, 2319561

**Cotton Marketing Organization**

Mr. Ahmad Sohad Jbara  
Director General  
P.O. Box 729, Aleppo, Syria  
Telephone: (021) 2239495/6/7/8  
Fax: (021) 2218617

**Foreign Trade Organization for Chemical and Foodstuffs**

Usama Ma' al-Bared  
Director General  
P.O. Box 893, Damascus, Syria  
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COUNTRY MARKET RESEARCH FIRMS

Economic & Trade Studies and Consultancy

Mr. Mounir Al-Hamash  
P.O. Box 12376, Damascus, Syria  
Tel: 3312392  
Fax: 3312401

Stat Ipsos

Mr. Walid Sabki  
P.O. Box 11798, Damascus, Syria

Tel: 6622985  
Fax: 6622986

Marketing & Management Studies Center  
Dr. Hassan Al-Nouri  
P.O. Box 10246, Damascus, Syria  
Tel: 3325597  
Fax: 3329940

The Syrian Consulting Bureau  
Dr. Nabil Sukkar  
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Tel: 2225946  
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Commerce and Engineering Consultants  
Mr. Ramez Raslan  
Malki, P.O. Box 6136, Damascus, Syria  
Tel: 3733956, 3730771  
Fax: 3733955  
Consulting, Management, and Contracting Company  
Mr. Hani Sawaf  
P.O. Box 3858, Damascus, Syria  
Tel: 3331226  
Fax: 3333031

Financial, Economic, & Management Consulting Services  
Dr. M. Ayman Midani  
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Tel: 3316075  
Fax: 3313000  
Tlx: 411044 Midani SY

Saatchi & Saatchi  
Mr. Haytham Joud  
P.O. Box 34737, Damascus, Syria  
Tel: 2320015  
Fax: 2320016

#### COMMERCIAL BANKS

**Commercial Bank of Syria:** Director General: Mr. Mahmoud  
Mithqal, Yousef Al-Azmah Square, P.O. Box 933, Damascus, Syria;  
Telephone: 221-4508; Fax: 221-6975, 222-8524

## WASHINGTON-BASED USG CONTACTS

U.S. Department of State  
Office of Business Affairs  
Telephone: (202) 647-3953

U.S. Department of State  
Office of Syrian Affairs  
Elisabeth Millard  
U.S. Department of State  
Washington, D.C. 20520  
Telephone: (202) 647-1131  
Fax: (202) 647-0989  
e-mail: millardei@state.gov

U.S. Department of Commerce  
Office of the Near East  
Thomas A. Sams  
U.S. Department of Commerce  
Washington, D.C.  
Telephone: (202) 482-1860  
Fax: (202) 482-0878  
e-mail: tom\_sams@ita.doc.gov

Office of Antiboycott Compliance  
Bureau of Export Administration  
U.S. Department of Commerce  
HCHB, BXA, Rm 6098  
14th St. & Constitution Ave, N.W.  
Washington, D.C. 20230  
Robert Diamond  
Policy Director  
Tel: (202) 482-2381  
Fax: (202) 482-0913  
e-mail: rdiamond@bxa.doc.gov  
www.bxa.doc.gov

Office of Export Licensing/Enforcement Support  
Bureau of Export Administration  
U.S. Department of Commerce  
Mark D. Menefee  
Tel: (202) 482-2252  
Fax: (202) 482-0964  
e-mail: eemm@bxa.doc.gov

Office of Strategic Trade and Foreign Policy Controls  
Bureau of Export Administration



U.S. Department of Commerce  
Tel: (202) 482-0092  
[www.bxa.fedword.gov](http://www.bxa.fedword.gov)

U.S. Department of Commerce  
Bureau of Export Administration  
Foreign Policy Controls Division  
14th & Pennsylvania Avenue, N.W.  
Room 2620, Mail Stop 2705H  
Washington, D.C. 20230  
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U.S. Department of Treasury  
Office of Foreign Assets Control  
Tel: (202) 622-2000  
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e-mail: [dennis.wood@do.treas.gov](mailto:dennis.wood@do.treas.gov)  
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Tel: (202) 720-7053  
Fax: (202) 720-5183  
e-mail: [hoffmanp@fas.usda.gov](mailto:hoffmanp@fas.usda.gov)

## Appendix F: MARKET RESEARCH

### USDA/FAS/Commodity Reports and Market Briefs:

- Grain and Feed Annual Report
- Cotton Annual Report
- Tree Nuts (pistachios) Annual Report
- Annual Agricultural Situation Report

### USFCS Reports and Market Briefs:

- The Country Commercial Guide Report (CCG)
- Investment Climate Statement (ICS)
- The Trade Act Report
- American Firms Operating in Syria and Their Representatives
- Translation of Law Number 195 (Tender Regulations)

### Appendix G: TRADE EVENT SCHEDULE

DAV-EX-1: The First Agricultural and Veterinary Exhibition,  
August 15-18, 1999 (Sedra)

International Fair of Damascus: August 27 - September 9, 1999  
(Directorate of the Damascus Fair)

International Book Fair: September 1999

Homex: Ideal home, September 25-28, 1999 (Al-Baja'a)

Beautex: Cosmetics and Beauty Products, September 25-28, 1999  
(Al-Baja'a)

The International Tourism Fair: September 27-30, 1999 (Amreet &  
Zyuris)

Intertech 99: September 27 - October 1, 1999

International Food Industry Fair: October 7-11, 1999 (Nizam &  
Co.)

Hotex: Tourism and Hotel Supplies, October 16-19, 1999 (Al-  
Baja'a)

Foodex: Food Industries Exhibition, October 16-19, 1999 (Al-  
Baja'a)

International Fair for Spinning & Textiles: October 1999  
(Arabian group)

Computex: Computers and Communications Office Supplies,

November 20-23, 1999 (Al-Baja'a)

Audiovex: Specialized Audio visual and Media Exhibition,  
November 20-23, 1999 (Al-Baja'a)

Motex: Syrian Professional Exhibition for Fashion World,  
Textiles, and Accessories, March 2000 (United)

FoodExpo: The 5th International Exhibition for Food Filling and  
Packaging, Hotel and Restaurant Equipment and Supplies, March 29  
- April 4, 2000 (United)

Syroil 2000: The Second Syrian International Oil & Gas  
Exhibition, April 10-13, 2000 (Allied Trading Enterprises)  
AGRO 2000: Everything about agriculture, May 2000 (Nizam & Co.)  
Buildex: Construction and Building Exhibition, May 10-14, 2000  
(Arabian Group)

SIMA 2000: May 26-30, 2000 (SIMA)

International Fair of Damascus: August 25 - September 7, 2000  
(Directorate of the Damascus Fair)

International Book Fair: September 2000

Motex: Syrian Professional Exhibition for Fashion World,  
Textiles, and Accessories, September 2000 (United)

Health Care Exhibition: October 2000 (United)

Contact information for trade show organizers:

**Sedra for General Trade and Exhibitions**

Mr. Zuhair Imadi  
Tel: 963-11-5123976  
Fax: 963-11-5123976

**United for Exhibitions and Media Services**

P.O. Box 6454, Damascus, Syria.  
Tel: 963-11-331-2123  
Fax: 963-11-331-2423

**The Arabian Group**

P.O. Box 2683, Damascus, Syria  
Tel: 963-11-3737444/8/9  
Fax: 963-11-3737446

**Allied Trading Enterprises**

P.O. Box 3993, Damascus, Syria

Tel: 963-11-3324801/2/3

Fax: 963-11-3321250

**Media Line**

P.O. Box 25877, Damascus, Syria

Tel: 963-11-4454510

Fax: 963-11-4428217

**Al-Baja'a for Fairs & International Conferences**

P.O. Box 30463, Damascus, Syria

Tel: 963-11-2245890

Fax: 963-112233119

**The Directorate of the Damascus International Fair**

General Director

Mr. Nazem Al-Hafez

Tel: 00963-11-223-2116

Fax: 00963-11-224-5546

**SIMA**

Mr. Basel Hamdoun

P.O. Box 33743, Damascus, Syria

Tel: (963-11) 3325235, 3325245

Fax: (963-11) 3325223

**Nizam & Co.**

Mr. Ali Nizam

P.O. Box 14415

Damascus, Syria

Tel: (963-11) 2127877, 2126177

Fax: (963-11) 5431684

**Amreet & Zyuris**

Mr. Mounir Tellou

P.O. Box 4446

Damascus, Syria

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Fax: (963-11) 2220746